

CITY OF LOGAN, UTAH
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2006
With
INDEPENDENT AUDITORS' REPORT

Prepared by

Department of Finance

Richard P. Anderson CPA, CGFM, Director of Finance
Justin M. Zollinger, Accounting Manager
Rueben J. Nelson, Accountant
Tyson L. Griffin, Budget Specialist

TABLE OF CONTENTS

INTRODUCTORY SECTION:

| | |
|-----------------------------|---|
| Title Page | 1 |
| Table of Contents | 2 |
| Letter of Transmittal | 4 |
| Organizational Chart | 7 |

FINANCIAL SECTION:

| | |
|---|----|
| Independent Auditors' Report | 10 |
| Management's Discussion and Analysis | 12 |
| Basic Financial Statements | |
| Government-wide Financial Statements | |
| Statement of Net Assets | 22 |
| Statement of Activities | 23 |
| Governmental Fund Financial Statements | |
| Balance Sheet | 26 |
| Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Assets | 27 |
| Statement of Revenues, Expenditures, and Changes in Fund Balances | 28 |
| Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities | 29 |
| Proprietary Fund Financial Statements | |
| Statement of Net Assets | 32 |
| Reconciliation of the Statement of Net Assets - Proprietary Funds to the Statement of Net Assets | 33 |
| Statement of Revenues, Expenses, and Changes in Net Assets | 34 |
| Reconciliation of the Statement of Revenues, Expenses, and Changes in Net Assets - Proprietary Funds to the Statement of Activities | 35 |
| Statement of Cash Flows | 36 |
| Notes to the Financial Statements | |
| Note 1 - Summary of Significant Accounting Policies | 38 |
| Note 2 - Compliance and Accountability | 43 |
| Note 3 - Deposits and Investments | 43 |
| Note 4 - Receivables and Payables | 45 |
| Note 5 - Capital Assets | 47 |
| Note 6 - Interfund Receivables, Payables, and Transfers | 48 |
| Note 7 - Intangible Assets | 49 |
| Note 8 - Leases | 50 |
| Note 9 - Long-Term Debt | 51 |
| Note 10 - Restricted Assets | 54 |
| Note 11 - Risk Management | 54 |
| Note 12 - Subsequent Events | 54 |
| Note 13 - Commitments and Contingencies | 55 |
| Note 14 - Employee Retirement Systems and Pension Plans | 56 |
| Note 15 - Economic Dependency | 58 |
| Note 16 - Environmental Health Landfill Closure and Postclosure Costs | 59 |
| Note 17 - Redevelopment Agency | 59 |
| Note 18 - Investments in Power Projects and Related Contracts | 62 |
| Note 19 - Industrial Revenue Bonds | 63 |
| Note 20 - Prior Period Adjustment | 64 |
| Required Supplementary Information | |
| Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund | 66 |
| Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Redevelopment Agency | 68 |
| Note to Required Supplementary Information | |
| Supplementary Information | |
| Nonmajor Governmental Funds Combining Balance Sheet | 74 |
| Nonmajor Governmental Funds Combining Statement of Revenues, Expenditures and Changes in Fund Balances | 75 |
| Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Library Fund | 76 |

TABLE OF CONTENTS

| | |
|---|-----|
| Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Recreation Center Maintenance Fund..... | 77 |
| Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Willow Park Fund..... | 78 |
| Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Communication Center Fund..... | 79 |
| Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Special Improvement Fund..... | 80 |
| Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Housing Authority Fund..... | 81 |
| Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Logan Transit District Fund..... | 82 |
| Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Cemetery Perpetual Care Fund..... | 83 |
| Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Community Donations Fund..... | 84 |
| Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Capital Projects Fund..... | 85 |
| Schedule of Impact Fee Revenues and Projected Expenditures/Expenses..... | 86 |
| STATISTICAL SECTION: (unaudited) | |
| Net Assets by Component..... | 88 |
| Changes in Net Assets..... | 89 |
| Governmental Activities Tax Revenues by Source..... | 90 |
| Fund Balances of Governmental Funds..... | 91 |
| Changes in Fund Balances of Governmental Funds..... | 92 |
| Assessed and Estimated Actual Value of Taxable Property..... | 93 |
| Property Tax Rates Direct and Overlapping Governments..... | 94 |
| Principal Property Taxpayers..... | 95 |
| Property Tax Levies and Collections..... | 96 |
| Ratios of Outstanding Debt by Type..... | 97 |
| Ratios of General Bonded Debt Outstanding..... | 98 |
| Direct and Overlapping Governmental Activities Debt..... | 99 |
| Legal Debt Margin Information..... | 100 |
| Pledged-Revenue Coverage..... | 101 |
| Demographic and Economic Statistics..... | 102 |
| Principal Employers..... | 103 |
| Full-time Equivalent City Government Employees by Function..... | 104 |
| Operating Indicators..... | 105 |
| Capital Asset Statistics by Function..... | 106 |
| SINGLE AUDIT SECTION: | |
| Single Audit Reports..... | 109 |
| STATE COMPLIANCE SECTION: | |
| State Compliance Report..... | 122 |



Office of the Finance Director

255 North Main Street • Logan, Utah 84321 • Phone (435) 716-9000 • Fax (435) 716-9001

November 13, 2006

To the Honorable Mayor, Members of the City Council, and Citizens of the City of Logan:

State law requires that every general-purpose local government publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed Certified Public Accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Logan (City) for the fiscal year ended June 30, 2006.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert to the best of our knowledge and belief, that this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by Jones Simkins, P.C., a firm of licensed Certified Public Accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City, for the fiscal year ended June 30, 2006, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, and assessing the accounting principles used and significant estimates made by management. The independent auditors' report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City is part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports can be found as listed in the table of contents.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). MD&A complements this letter of transmittal and should be read in conjunction with it. The MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The City of Logan, Utah was incorporated on January 1, 1866, and is classified as a city of the second class as defined in Title 10 of the Utah Code. The City is located in the northeastern part of the state and is the eleventh largest incorporated city within the state. The City currently occupies a land area of 17 square miles and serves a

population of 47,357. The City is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the City Council.

The City has operated under the mayor-council optional form of government since 1978, having been the first in the state to adopt this form of government. Policy-making and legislative authority are vested in the City Council consisting of five council members. The City Council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and confirming appointments for department heads. The Mayor is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the government, and for appointing the heads of the various divisions and departments. The council and mayor are elected on a non-partisan basis. Both the Council and Mayor serve four-year terms on a staggered basis. Elections are held every two years with three council seats open during one election and the mayor and two council seats open during the other. All council seats and the mayor are elected at large.

The City of Logan provides many services to residents including construction and maintenance of highways and streets, police, fire, library, cemetery, water and sewer, electric, sanitation, bus transportation, golf course, public zoo and other recreational and cultural services.

Logan is the largest city in Cache County. The valley is known for its beautiful, green summers and wonderfully cold winters. Bordered on all sides by mountains, Logan offers much to outdoor enthusiasts. Logan is just minutes from fishing, mountain biking, hiking, canoeing, bird watching, and skiing. The City is also host to many cultural activities and festivals. The City owns the Eccles Theatre operated by the Cache Valley Center for the Arts. The theater was renovated in 1992, and is one of the most beautifully designed theaters of its size.

Utah State University is located on Logan's east bench, enrolling approximately 23,000 students, including 7,000 in its continuing education sites located throughout the state. Utah State's Innovation Campus was given the 2004 Award for Excellence in Economic Development by the United States Department of Commerce as one of the best places in the nation for rural economic development. Utah State reports that its students and faculty send more experiments into space than any other university in the world.

Factors Affecting Financial Condition

Summary of Local Economy. The City of Logan benefits from a varied technology, manufacturing, and industrial base that adds to the relative stability of employment. The unemployment rate is approximately 3.0 percent.

Major employers within the City's boundaries include Utah State University, Icon Health and Fitness, Moore Business Communication, Tyco Manufacturing, Schreiber's Foods, Hyclone Labs, Gossner Foods, Cache Valley Electric, Logan City School District, and Logan Regional Hospital.

Logan is the central city to approximately 100,000 inhabitants residing in Logan and the surrounding communities of Cache County. The region is expected to grow approximately two to three percent each year for the next several years. New local business ventures are expected to continue to be established in Logan as a result of the research and development activities of Utah State University's Innovation Campus as well as economic development efforts made by the City. The City has taken an active role in the revitalization of the historic downtown.

Taxable Sales. Taxable sales continued to show solid growth with approximately a 11.7 percent increase. This is up from the prior year increase of 4.2 percent.

Long-Term Financial Planning. The City has developed and will continue to update and refine a capital improvement plan. In the current year, the City adopted impact fees to help pay for future capital needs.

Cash Management. The City's cash management objectives are (1) to preserve the safety of principal, (2) to provide for the need for liquidity, and (3) to maximize the yield on investments. Cash temporarily idle during the year was invested in certificates of deposit, overnight bank sweep accounts, and the State Treasurer's Investment Pool. The maturities of the investment range from daily to 12 months with an average maturity of one month.

Budgetary Control. The annual budget serves as the foundation for the City's financial planning and control. The Mayor proposes the budget to the City Council. The Council then approves the budget. Budgetary control is

maintained at the division level where expenditures may not exceed appropriations. Control is also maintained in governmental funds through the use of encumbrance accounting.

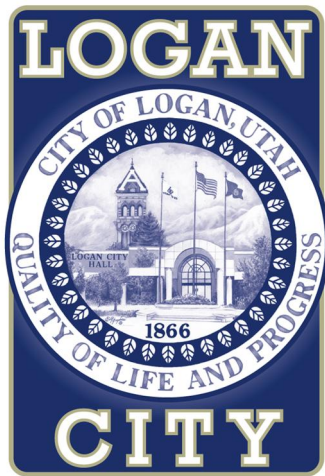
Acknowledgements

The timely and efficient preparation of this report could not have been accomplished without the dedicated service of the staff of the Finance Department. I would specifically like to thank the CAFR Team, composed of Justin Zollinger, Rueben Nelson, and Tyson Griffin, for their service in preparing this report. I appreciate Jones Simkins, P.C., Certified Public Accountants, for the assistance and guidance they have provided to us. I also thank the members of the City Council, the Mayor, and other City personnel for their interest and support.

Respectfully submitted,

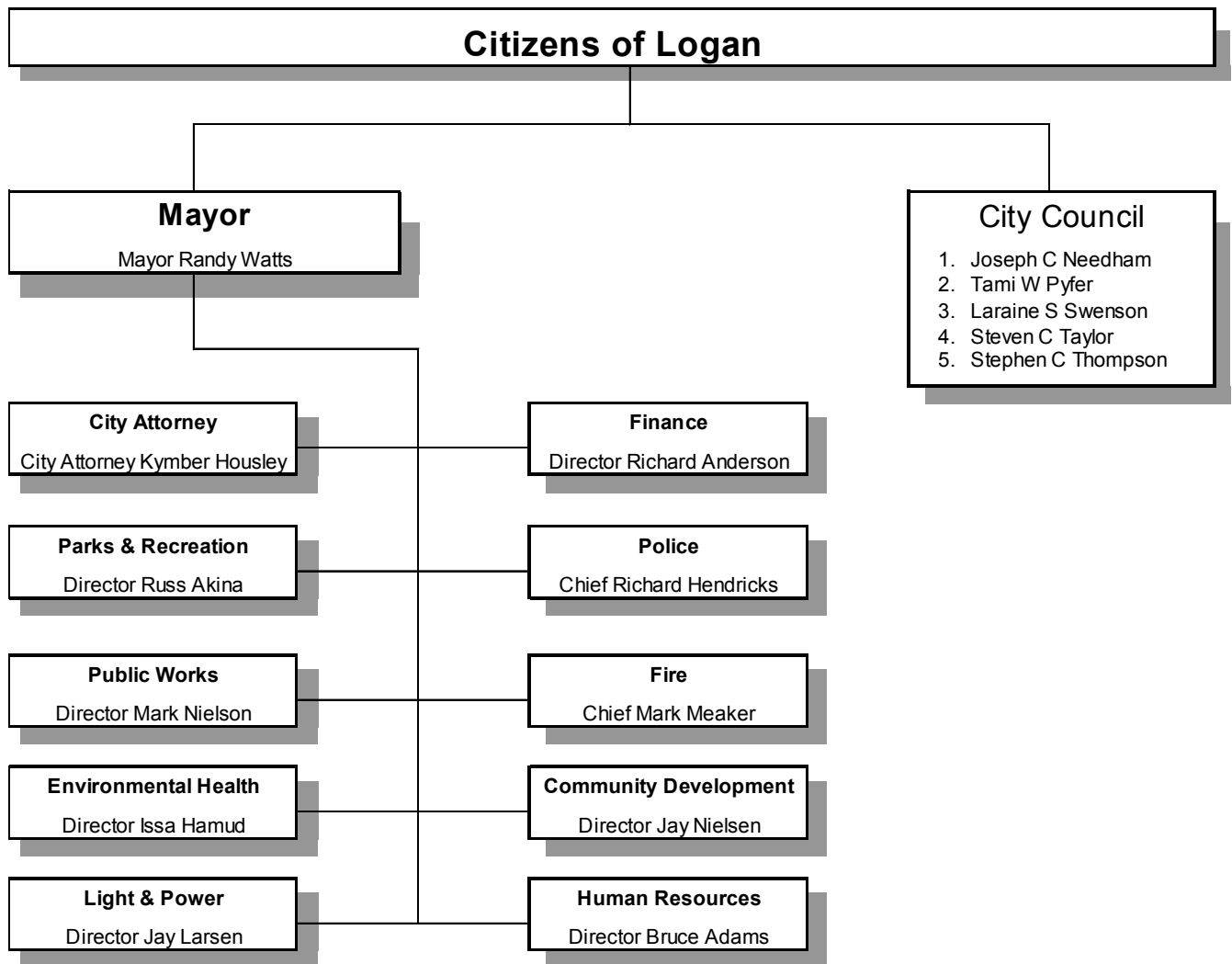
A handwritten signature in black ink, appearing to read 'R. Anderson', is positioned above the printed name.

Richard P. Anderson CPA, CGFM
Director of Finance



City of Logan

Organizational Chart



This page intentionally left blank.

Financial Section



1011 West 400 North, Suite 100
P.O. Box 747
Logan, UT 84323-0747
Phone: (435) 752-1510 • (877) 752-1510

OFFICERS:

Paul D. Simkins, CPA
Michael C. Kidman, CPA,
Brent S. Sandberg, CPA
Brett C. Hugie, CPA
Mark E. Low, CPA
H. Paul Gibbons, CPA

INDEPENDENT AUDITORS' REPORT

To the Mayor and City Council
City of Logan
Logan, Utah

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Logan as of and for the year ended June 30, 2006, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Logan's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the government activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Logan, as of June 30, 2006, and the respective changes in financial position and cash flows, where applicable, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2006, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 12 through 19 and 66 through 69, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City of Logan Utah's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, schedule of impact fee revenues and projected expenditures / expenses and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements of the City. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, "*Audits of States, Local Governments and Non-profit Organizations*," and is not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section, schedule of impact fee revenues and projected expenditures / expenses and the statistical section listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we express no opinion on them.

A handwritten signature in blue ink that reads "Jones Simkins, P.C." The signature is written in a cursive, flowing style.

JONES SIMKINS, P.C.
November 10, 2006

CITY OF LOGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Logan's management presents to the readers of its financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2006. We encourage readers to consider the information presented here in conjunction with the additional information provided in the letter of transmittal, which can be found on page four of this report.

Financial Highlights

The assets of the City of Logan (City) exceeded liabilities at the close of the current fiscal year by \$114,440,244 (net assets). Of this amount, \$18,909,982 (unrestricted net assets) may be used to meet ongoing obligations to citizens and creditors.

Net assets increased by \$13,611,190. Of this amount, approximately 56 percent is a result of business-type activities.

The City's governmental funds reported a combined ending fund balance of \$11,529,071, an increase of \$6,818,233 in comparison to the prior year. The general fund reported a fund balance of \$8,949,176, of which \$6,764,528, or approximately 26.3 percent of general fund revenue, is unreserved and undesignated.

The City's total bonded debt decreased by \$773,000.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains information in addition to the basic financial statements that will help the reader to gain a more in-depth understanding of the City.

Government-wide financial statements

The government-wide financial statements are designed to provide the reader with a broad overview of the City's financial position, similar to consolidated financial statements in a private-sector business. These statements consist of the statement of net assets and the statement of activities.

The statement of net assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information on how net assets changed during the current fiscal year. All changes in net assets are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses reported in this statement may result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish between activities that are primarily supported by taxes and intergovernmental revenues (governmental activities) and activities that are primarily financed by user charges and fees (business-type activities). The governmental activities for the City include general government, public safety, public works, parks, recreation and culture, and debt service interest and fiscal charges. Business-type activities include the water and sewer, sewer treatment, electric, environmental health, storm water management, and golf course operations.

The government-wide financial statements can be found immediately following this discussion and analysis.

CITY OF LOGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS

Fund financial statements

A fund is a separate set of accounts used to control resources that have been segregated for a specific purpose. The City uses fund accounting to demonstrate compliance with legal or finance-related requirements.

Governmental funds

Governmental funds are used to account for essentially the same activities reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on the near-term inflows and outflows of financial resources and the balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's short-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, the reader may be able to better understand the long-term impact of near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation between the governmental funds statements and the government activities in the government-wide statements to aid in the comparison.

The City maintains 12 individual governmental funds. Information is presented separately on the governmental fund balance sheet and on the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and the redevelopment agency fund, which are considered to be major funds. Information for the other governmental funds is combined into a single, aggregated column. Individual presentations for each of these nonmajor governmental funds are provided in the form of combining statements in the supplementary information section of this report as listed in the table of contents.

The City adopts annual appropriated budgets for its general and redevelopment agency funds. Budgetary comparison schedules are provided to demonstrate compliance with budgetary requirements. These schedules can be found in the required supplementary information section of this report as listed in the table of contents.

The basic governmental fund financial statements can be found as listed in the table of contents.

Proprietary funds

The City utilizes two different types of proprietary funds: enterprise funds and an internal service fund. Enterprise funds report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer, electric, environmental health, storm water management and golf course operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. An internal service fund is used to account for information systems. Because information systems supports primarily governmental rather than business-type activities, it has been included within governmental activities in the government-wide financial statements.

Proprietary funds present the same type of information as the government-wide financial statements, except in greater detail. The proprietary fund financial statements provide separate information for the water and sewer, sewer treatment, electric, environmental health, storm water management, and the golf course funds, which are considered to be major funds of the City. Internal service funds are presented as a single, aggregated presentation in the proprietary fund financial statements. As the City has only one internal service fund, it is presented individually.

The basic proprietary fund financial statements can be found as listed in the table of contents.

CITY OF LOGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS

Notes to the financial statements

The notes to the financial statements provide information that is essential to a full understanding of the information provided in the government-wide and fund financial statements. The notes to the financial statements can be found as listed in the table of contents.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Logan, assets exceeded liabilities by \$114,440,244 at the close of the current fiscal year.

By far the largest portion of the City's net assets (76.7 percent) is its investment in capital assets (e.g., land, buildings, and equipment); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens who live, work, pass through or benefit in other ways from the City. By their nature, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities.

| City of Logan's Net Assets | | | | | | |
|--|------------------------------------|----------------------|-------------------------------------|----------------------|-----------------------|-----------------------|
| | Governmental Activities | | Business-type Activities | | Total | |
| | 2006 | 2005 | 2006 | 2005 | 2006 | 2005 |
| Current and other assets | \$ 22,042,263 | \$ 14,009,273 | \$ 21,678,611 | \$ 15,125,708 | \$ 43,720,874 | \$ 29,134,981 |
| Capital assets | 54,595,211 | 56,551,505 | 83,241,836 | 80,635,871 | 137,837,047 | 137,187,376 |
| Total assets | 76,637,474 | 70,560,778 | 104,920,447 | 95,761,579 | 181,557,921 | 166,322,357 |
| Long-term liabilities outstanding | 19,506,231 | 20,680,531 | 25,871,190 | 26,085,127 | 45,377,421 | 46,765,658 |
| Other liabilities | 11,813,213 | 10,565,384 | 9,927,043 | 8,162,261 | 21,740,256 | 18,727,645 |
| Total liabilities | 31,319,444 | 31,245,915 | 35,798,233 | 34,247,388 | 67,117,677 | 65,493,303 |
| Net assets: | | | | | | |
| Invested in capital assets, net of related debt | 33,547,443 | 33,827,064 | 54,218,641 | 53,030,441 | 87,766,084 | 86,857,505 |
| Restricted | 4,395,122 | 3,407,503 | 3,369,056 | 3,515,899 | 7,764,178 | 6,923,402 |
| Unrestricted | 7,375,465 | 2,080,296 | 11,534,517 | 4,967,851 | 18,909,982 | 7,048,147 |
| Total net assets, as restated | \$ 45,318,030 | \$ 39,314,863 | \$ 69,122,214 | \$ 61,514,191 | \$ 114,440,244 | \$ 100,829,054 |

An additional part of net assets (6.8 percent) is assets that are subject to external restrictions on how they may be expended (debt reserve, capital projects, etc). The remaining 16.5 percent of net assets can be used to meet the City's ongoing obligations to its citizens and creditors.

CITY OF LOGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS

| City of Logan's Changes in Net Assets | | | | | | |
|--|-------------------------|----------------------|--------------------------|----------------------|-----------------------|-----------------------|
| | Governmental Activities | | Business-type Activities | | Total | |
| | 2006 | 2005 | 2006 | 2005 | 2006 | 2005 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 6,761,165 | \$ 6,018,194 | \$ 53,912,358 | \$ 47,583,818 | \$ 60,673,523 | \$ 53,602,012 |
| Operating grants and contributions | 3,624,830 | 2,347,991 | 4,100 | - | 3,628,930 | 2,347,991 |
| Capital grants and contributions | 1,759,227 | 4,616,339 | 851,185 | 465,695 | 2,610,412 | 5,082,034 |
| General revenues: | | | | | | |
| Property taxes | 4,717,759 | 4,906,390 | - | - | 4,717,759 | 4,906,390 |
| Sales and franchise taxes | 14,205,757 | 13,107,750 | - | - | 14,205,757 | 13,107,750 |
| Grants and contributions not restricted to specific programs | 78,334 | 202,675 | - | - | 78,334 | 202,675 |
| Other | 1,040,596 | 2,903,159 | - | 91,756 | 1,040,596 | 2,994,915 |
| Total revenues | <u>32,187,668</u> | <u>34,102,498</u> | <u>54,767,643</u> | <u>48,141,269</u> | <u>86,955,311</u> | <u>82,243,767</u> |
| Expenses: | | | | | | |
| General government | 4,154,311 | 4,610,847 | - | - | 4,154,311 | 4,610,847 |
| Public safety | 10,645,906 | 10,431,786 | - | - | 10,645,906 | 10,431,786 |
| Public works | 9,218,137 | 9,483,377 | - | - | 9,218,137 | 9,483,377 |
| Parks, recreation and culture | 5,513,037 | 5,695,681 | - | - | 5,513,037 | 5,695,681 |
| Interest and fiscal charges | 883,013 | 995,073 | - | - | 883,013 | 995,073 |
| Water and sewer | - | - | 5,329,864 | 4,984,878 | 5,329,864 | 4,984,878 |
| Sewer treatment | - | - | 1,516,309 | 1,592,069 | 1,516,309 | 1,592,069 |
| Electric | - | - | 28,154,670 | 26,661,065 | 28,154,670 | 26,661,065 |
| Environmental health | - | - | 6,832,097 | 6,437,766 | 6,832,097 | 6,437,766 |
| Storm water management | - | - | 146,376 | 31,156 | 146,376 | 31,156 |
| Golf course | - | - | 950,401 | 1,067,436 | 950,401 | 1,067,436 |
| Total expenses | <u>30,414,404</u> | <u>31,216,764</u> | <u>42,929,717</u> | <u>40,774,370</u> | <u>73,344,121</u> | <u>71,991,134</u> |
| Increase (decrease) in net assets, before transfers | 1,773,264 | 2,885,734 | 11,837,926 | 7,366,899 | 13,611,190 | 10,252,633 |
| Transfers | 4,229,903 | 1,941,185 | (4,229,903) | (1,941,185) | - | - |
| Increase (decrease) in net assets | 6,003,167 | 4,826,919 | 7,608,023 | 5,425,714 | 13,611,190 | 10,252,633 |
| Net assets, beginning | 39,314,863 | 34,487,944 | 61,514,191 | 56,088,477 | 100,829,054 | 90,576,421 |
| Net assets, ending, as restated | <u>\$ 45,318,030</u> | <u>\$ 39,314,863</u> | <u>\$ 69,122,214</u> | <u>\$ 61,514,191</u> | <u>\$ 114,440,244</u> | <u>\$ 100,829,054</u> |

Governmental activities

Governmental activities net assets increased by \$6,003,167 for the current fiscal year. Key elements of this increase are as follows:

- Sales taxes (including franchise taxes) revenue increased by \$1,098,007. This increase is due to an 11.7 percent increase in sales tax revenue over the prior year. Franchise taxes on natural gas also increased by 10 percent over the prior year.
- Due to fiscal discipline and attrition, expenses decreased by nearly \$800,000 over the prior year. Expenses in the general fund and the other governmental funds were also significantly under budget.

Business-type activities

Business-type activities net assets increased by \$7,608,023. Key elements of this increase are as follows:

- The water and sewer fund net assets increased by \$2,638,581. Operating revenues increased by approximately \$600,000 over the prior year. This is due in part to an increase in water rates. Operating revenues were used during the year to aid in construction of the 5.65 million gallon water tank. Expenses on this project were capitalized, thereby, increasing net assets.

CITY OF LOGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS

- The sewer treatment fund net assets increased by \$1,528,319. This increase was consistent with expectations. However, as this fund was created in fiscal year 2004, the City is still in the process of setting appropriate charges for services. A rate study was being performed at year end.
- The electric fund net assets increased by \$993,419. This increase was consistent with expectations. During the year, the fund sold CO2 credits for approximately \$1,264,000. Without this sale, the fund would have incurred a reduction in net assets.
- The environmental health fund net assets increased by \$1,175,058. This increase was consistent with expectations and with the prior year (adjusted for landfill expense).
- The storm water management fund net assets increased by \$981,190. Fiscal year 2006 was the first year of operating revenue. Revenues were less than expected because of difficulty in establishing commercial charges. However, the City was able to manage expenses to compensate for the lag in revenues.

Financial Analysis of the City of Logan's Funds

As noted earlier, the City uses fund accounting to demonstrate compliance with legal or finance-related requirements.

Governmental funds

The focus of the City's governmental funds is to provide information on the near-term inflows, outflows, and balances of spendable resources. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$11,529,071, with an increase of \$6,818,233 compared to the prior fiscal year. Of the total balance, \$9,007,229 is unreserved and undesignated.

Reserved fund balance indicates that the funds are not available for new spending. At year end, the City had reserved fund balance in governmental funds for the following purposes: (1) capital activities (including class c road funds and impact fees) of \$1,278,181, (2) cemetery perpetual care of \$176,012, (3) redevelopment agency low income housing of \$47,972, (4) encumbrances of \$578,532, and (5) other miscellaneous amounts of \$441,145.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, the general fund reported a fund balance of \$8,949,176, of which \$6,764,528, or approximately 26.3 percent of general fund revenue, is unreserved and undesignated. The Utah Fiscal Procedures Act states that the general fund can accumulate reserves up to 18 percent of revenues; fund balance under five percent is to be held for emergencies or to cover operations until property tax revenues are received, while amounts between five percent and 18 percent can be appropriated by the City Council. Any amount over 18 percent must be appropriated in the following fiscal year.

Fund balance of the general fund increased by \$5,085,228. The major factors contributing to this increase were: (1) revenue was approximately \$2.2 million more than budgeted due to sales taxes, franchise taxes, and licenses and permits, (2) amounts reserved for various purposes (see above) increased by \$991,918, and (3) due to fiscal discipline, actual expenditures in the general fund were significantly less than budgeted.

Fund balance of the redevelopment agency fund increased by \$211,554. This increase was consistent with expectations.

CITY OF LOGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS

Proprietary funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets in the City's major proprietary funds totaled the following: (1) \$3,663,662 in the water and sewer fund, (2) a negative \$403,084 in the sewer treatment fund, (3) \$1,446,788 in the electric fund, (4) \$7,186,639 in the environmental health fund, (5) a negative \$413,054 in the storm water management fund, and (6) a negative \$578 in the golf course fund. The finances of these funds were discussed earlier as part of the business-type activities.

General Fund Budgetary Highlights

Differences between the general fund's original budget and the final amended budget amounted to a total increase in appropriations of \$9,823,665 or 39 percent. A significant part of the increase in appropriations can be briefly summarized as follows:

- The City refinanced the outstanding General Obligation Bonds resulting in a budget adjustment of \$7,079,265.
- The City received a Community Development Block grant for \$668,936; in addition, the City appropriated \$389,798 for the remaining amount on the fiscal year 2005 award.
- The City used one-time money to pay down existing debt resulting in a budget adjustment of \$331,242.
- The City appropriated money for the purchase of police vehicles resulting in a budget adjustment of \$100,000.

The majority of the remaining increases in appropriations were because of miscellaneous grants or donations. Other minor increases in appropriations were because of actual revenues coming in higher than originally budgeted.

Capital Asset and Debt Administration

The City's investment in capital assets for its governmental and business-type activities amounts to \$87,766,084 (net of related debt). This investment in capital assets includes land, buildings, improvements other than buildings, equipment, park facilities, roads, highways, and bridges.

Major capital events during the current fiscal year include the following:

- Construction of the 5.65 million gallon water tank continued. Approximately \$2,826,000 was spent on this project in fiscal year 2006.
- Construction of the Northwest Park continued. Approximately \$268,000 was spent on this project in fiscal year 2006.
- Construction of the 200 W 1950 N airport waterline replacement continued. Approximately \$354,000 was spent on this project in fiscal year 2006.
- Construction of the Bridger School Detention Pond began during the year. Approximately \$294,000 was spent on this project in fiscal year 2006.
- Construction of the 1400 N Sewer Bypass and 400 W Project began during the year. Approximately \$144,142 was spent on this project in fiscal year 2006.

CITY OF LOGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS

- The City sold the property for approximately one million dollars. This property is located on the east bench and was referred to as the deer pens property.

| City of Logan's Capital Assets (net of depreciation) | | | | | | |
|---|----------------------------|----------------------|-----------------------------|----------------------|-----------------------|-----------------------|
| | Governmental Activities | | Business-type Activities | | Total | |
| | 2006 | 2005 | 2006 | 2005 | 2006 | 2005 |
| Land | \$ 13,792,640 | \$ 14,229,414 | \$ 5,397,994 | \$ 5,241,821 | \$ 19,190,634 | \$ 19,471,235 |
| Other nondepreciable assets | 1,700,000 | 1,700,000 | - | - | 1,700,000 | 1,700,000 |
| Buildings | 15,354,870 | 17,142,873 | 6,676,668 | 7,203,364 | 22,031,538 | 24,346,237 |
| Improvements | 8,273,927 | 7,898,525 | 43,210,442 | 43,477,832 | 51,484,369 | 51,376,357 |
| Equipment | 4,827,320 | 5,005,412 | 20,887,742 | 21,261,477 | 25,715,062 | 26,266,889 |
| Infrastructure | 9,446,764 | 9,708,183 | - | - | 9,446,764 | 9,708,183 |
| Work in progress | 1,199,690 | 867,098 | 7,068,990 | 3,451,377 | 8,268,680 | 4,318,475 |
| Total | <u>\$ 54,595,211</u> | <u>\$ 56,551,505</u> | <u>\$ 83,241,836</u> | <u>\$ 80,635,871</u> | <u>\$ 137,837,047</u> | <u>\$ 137,187,376</u> |

Additional information regarding the City's capital assets can be found in the notes to the financial statements of this report.

At the end of the current fiscal year, the City had bonded debt outstanding of \$44,440,000. Of this amount, \$6,820,000 comprises debt backed by the full faith and credit of the City and \$37,620,000 represents bonds secured by specific revenue sources (i.e., revenue bonds).

| City of Logan's Outstanding Debt General Obligation and Revenue Bonds | | | | | | |
|--|----------------------------|----------------------|-----------------------------|----------------------|----------------------|----------------------|
| | Governmental Activities | | Business-type Activities | | Total | |
| | 2006 | 2005 | 2006 | 2005 | 2006 | 2005 |
| General obligation bonds | \$ 6,820,000 | \$ 6,555,000 | \$ - | \$ - | \$ 6,820,000 | \$ 6,555,000 |
| Revenue bonds | 12,878,000 | 13,832,000 | 24,742,000 | 24,826,000 | 37,620,000 | 38,658,000 |
| Total | <u>\$ 19,698,000</u> | <u>\$ 20,387,000</u> | <u>\$ 24,742,000</u> | <u>\$ 24,826,000</u> | <u>\$ 44,440,000</u> | <u>\$ 45,213,000</u> |

Utilizing bond insurance, rated bonds outstanding have a rating of Aaa by Moody's Investor Service. The following bonds carry an underlying rating as follows:

| Bond Issue | Moody's Investor Service |
|-------------------------------|--------------------------------|
| Water and sewer revenue bonds | A1 |
| General obligation bonds | A1 |

In August 2005, the City issued \$6,820,000 in General Obligation Refunding Bonds. Proceeds from the bonds were used to refund all of the outstanding 1999 General Obligation bonds. The bonds bear interest rates of 3.75 to 5.00 percent. The refunding will save the City \$250,456 of debt service expense over the life of the bonds, and resulted in an economic gain of \$223,040. The refunded 1999 Parks and Recreation General Obligation Bonds were issued for the construction of parks, trails, a skate park, and an outdoor swimming pool facility, which are related to governmental activities. Refunded 1999 bonds in the amount of \$6,220,000 were outstanding as of June 30, 2006.

In September 2004, the City authorized the issuance of \$5,000,000 in Water Revenue Bonds. The bonds were deemed federally taxable. The bonds were purchased by the State Drinking Water Board and funds were to be delivered to the City through a process of advances into a trustee account as expenses were incurred. The State Drinking Water Board also agreed to forgive eight percent of the incremental bond issuance or \$400,000 of debt, for

CITY OF LOGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS

a net debt of \$4,600,000. At June 30, 2005, the Board had advanced to the City a total of \$2,400,000 of which, \$2,208,000 was recorded as a liability. During fiscal year 2006, the City qualified for and requested reimbursement for the remaining \$2,600,000, of which \$2,392,000 was recorded as a liability with an offset to accounts receivable. Proceeds from the bonds were used to finance a portion of the costs of design, acquisition, and construction of a water storage tank, water mains, and other improvements. The bonds bear an interest rate of 2.57 percent.

Additional information on the City's long-term debt can be found in the notes to the financial statements of this report.

Economic Factors and Next Year's Budgets and Rates

The City continues to approach budgeting for revenues conservatively to build needed reserves in the governmental and enterprise funds.

The City adopted a 1.74 percent increase to the property tax levy for fiscal year 2007. The City adopted approximately an eight percent increase in electric utility rates effective July 1, 2006. The City also adopted an electric rate surcharge to combat the volatile electric rates. The City adopted approximately a five percent increase in water rates; the second increase in a five year process.

Requests for Information

This financial report is designed to provide a general overview of the City of Logan's finances. Questions regarding any of the information contained in this report or requests for additional financial information should be addressed to the Office of the Finance Director, 255 North Main Street, Logan, Utah 84321.

This page intentionally left blank.

Basic Financial Statements

City of Logan
Statement of Net Assets
June 30, 2006

| | Governmental Activities | Business-type Activities | Total |
|---|------------------------------------|-------------------------------------|-----------------------|
| ASSETS | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 12,227,480 | \$ 8,474,669 | \$ 20,702,149 |
| Accounts receivable (net of allowance) | 77,085 | 4,957,782 | 5,034,867 |
| Notes receivable | 1,211,244 | - | 1,211,244 |
| Taxes receivable | 5,434,796 | - | 5,434,796 |
| Internal balances | (699,109) | 699,109 | - |
| Due from other governmental units | 3,146,830 | 2,866,447 | 6,013,277 |
| Inventory | 46,963 | 1,236,303 | 1,283,266 |
| Total current assets | <u>21,445,289</u> | <u>18,234,310</u> | <u>39,679,599</u> |
| Noncurrent assets: | | | |
| Restricted assets: | | | |
| Cash and cash equivalents | 270,075 | 3,011,678 | 3,281,753 |
| Deferred assets | 326,899 | 365,915 | 692,814 |
| Intangible assets | - | 66,708 | 66,708 |
| Capital assets: | | | |
| Land | 13,792,640 | 5,397,994 | 19,190,634 |
| Other nondepreciable assets | 1,700,000 | - | 1,700,000 |
| Buildings | 32,193,829 | 10,983,607 | 43,177,436 |
| Improvements other than buildings | 9,473,846 | 59,404,238 | 68,878,084 |
| Equipment | 17,922,709 | 45,173,472 | 63,096,181 |
| Infrastructure | 30,253,814 | - | 30,253,814 |
| Less accumulated depreciation | (51,941,317) | (44,786,465) | (96,727,782) |
| Work in progress | 1,199,690 | 7,068,990 | 8,268,680 |
| Total noncurrent assets | <u>55,192,185</u> | <u>86,686,137</u> | <u>141,878,322</u> |
| Total assets | <u>76,637,474</u> | <u>104,920,447</u> | <u>181,557,921</u> |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Accounts payable | 1,552,116 | 5,315,580 | 6,867,696 |
| Leases payable | 471,670 | 173,628 | 645,298 |
| Notes payable | 86,754 | 551,000 | 637,754 |
| Other accrued liabilities | 974,847 | 303,237 | 1,278,084 |
| Compensated absences | 1,180,735 | 551,642 | 1,732,377 |
| Deferred revenue | 5,881,443 | - | 5,881,443 |
| Bonds payable | 1,382,000 | 2,860,000 | 4,242,000 |
| Interest payable | 283,648 | 171,956 | 455,604 |
| Total current liabilities | <u>11,813,213</u> | <u>9,927,043</u> | <u>21,740,256</u> |
| Noncurrent liabilities: | | | |
| Leases payable | 666,705 | 316,114 | 982,819 |
| Notes payable | 585,611 | - | 585,611 |
| Bonds payable | 18,253,915 | 21,882,000 | 40,135,915 |
| Due to other governmental units | - | 250 | 250 |
| Landfill closure/postclosure costs | - | 3,672,826 | 3,672,826 |
| Total noncurrent liabilities | <u>19,506,231</u> | <u>25,871,190</u> | <u>45,377,421</u> |
| Total liabilities | <u>31,319,444</u> | <u>35,798,233</u> | <u>67,117,677</u> |
| NET ASSETS | | | |
| Invested in capital assets, net of related debt | 33,547,443 | 54,218,641 | 87,766,084 |
| Restricted for: | | | |
| Debt service | - | 1,567,565 | 1,567,565 |
| Capital activities | 1,278,181 | 1,801,491 | 3,079,672 |
| RDA housing | 47,972 | - | 47,972 |
| Transit | 1,164,778 | - | 1,164,778 |
| Emergency 911 | 1,133,217 | - | 1,133,217 |
| Other | 770,974 | - | 770,974 |
| Unrestricted | 7,375,465 | 11,534,517 | 18,909,982 |
| Total net assets | <u>45,318,030</u> | <u>69,122,214</u> | <u>114,440,244</u> |
| Total liabilities and net assets | <u>\$ 76,637,474</u> | <u>\$ 104,920,447</u> | <u>\$ 181,557,921</u> |

The accompanying notes are an integral part of this statement.

City of Logan
Statement of Activities
For the Year Ended June 30, 2006

| Function/Programs | Program Revenues | | | | Net Revenues and (Expenses) and Changes in Net Assets | | |
|--|----------------------|-------------------------|--|--|--|-----------------------------|--------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Government | | |
| | | | | | Governmental Activities | Business-type Activities | Total |
| Primary government: | | | | | | | |
| Governmental activities: | | | | | | | |
| General government | \$ 4,123,835 | \$ 2,442,210 | \$ 817,312 | \$ - | \$ (864,313) | \$ - | \$ (864,313) |
| Public safety | 10,645,906 | 3,072,579 | 328,709 | 9,598 | (7,235,020) | - | (7,235,020) |
| Public works | 9,218,137 | 108,824 | 1,501,485 | 1,504,271 | (6,103,557) | - | (6,103,557) |
| Parks, recreation and culture | 5,513,037 | 1,137,552 | 977,324 | 245,358 | (3,152,803) | - | (3,152,803) |
| Debt service - Interest and fiscal charges | 913,489 | - | - | - | (913,489) | - | (913,489) |
| Total governmental activities | 30,414,404 | 6,761,165 | 3,624,830 | 1,759,227 | (18,269,182) | - | (18,269,182) |
| Business-type activities: | | | | | | | |
| Water and sewer | 5,329,864 | 8,053,733 | - | 640,835 | - | 3,364,704 | 3,364,704 |
| Sewer treatment | 1,516,309 | 3,314,190 | - | - | - | 1,797,881 | 1,797,881 |
| Electric | 28,154,670 | 31,994,373 | - | - | - | 3,839,703 | 3,839,703 |
| Environmental health | 6,832,097 | 8,778,028 | 4,100 | - | - | 1,950,031 | 1,950,031 |
| Storm water management | 146,376 | 917,264 | - | 210,350 | - | 981,238 | 981,238 |
| Golf course | 950,401 | 854,770 | - | - | - | (95,631) | (95,631) |
| Total business-type activities | 42,929,717 | 53,912,358 | 4,100 | 851,185 | - | 11,837,926 | 11,837,926 |
| Total primary government | \$ 73,344,121 | \$ 60,673,523 | \$ 3,628,930 | \$ 2,610,412 | (18,269,182) | 11,837,926 | (6,431,256) |
| General revenues: | | | | | | | |
| Property taxes | | | | | 4,717,759 | - | 4,717,759 |
| Sales and franchise taxes | | | | | 14,205,757 | - | 14,205,757 |
| Grants and contributions not restricted to specific programs | | | | | 78,334 | - | 78,334 |
| Unrestricted investment earnings | | | | | 411,453 | - | 411,453 |
| Miscellaneous | | | | | 485,882 | - | 485,882 |
| Gain (loss) on sale of assets | | | | | 143,261 | - | 143,261 |
| Transfers | | | | | 4,229,903 | (4,229,903) | - |
| Total general revenues and transfers | | | | | 24,272,349 | (4,229,903) | 20,042,446 |
| Change in net assets | | | | | 6,003,167 | 7,608,023 | 13,611,190 |
| Net assets, beginning, as restated | | | | | 39,314,863 | 61,514,191 | 100,829,054 |
| Net assets, ending | | | | | \$ 45,318,030 | \$ 69,122,214 | \$ 114,440,244 |

The accompanying notes are an integral part of this statement.

This page intentionally left blank.

Governmental Fund Financial Statements

General Fund

Redevelopment Agency Fund

Other Governmental Funds

**City of Logan
Balance Sheet
Governmental Funds
June 30, 2006**

| | General | Redevelopment Agency | Other Governmental Funds | Total Governmental Funds |
|--|----------------------|-------------------------|--------------------------------|--------------------------------|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 7,904,406 | \$ - | \$ 3,634,998 | \$ 11,539,404 |
| Interfund receivables - pooled cash | 170,335 | - | - | 170,335 |
| Accounts receivable (net of allowance) | 3,529 | 3,000 | 70,556 | 77,085 |
| Notes receivable | 136,009 | 896,030 | 179,205 | 1,211,244 |
| Property tax receivable | 2,215,240 | 2,082,383 | 1,137,173 | 5,434,796 |
| Due from other funds | 195,651 | - | 50,000 | 245,651 |
| Due from other governmental units | 2,481,834 | - | 664,996 | 3,146,830 |
| Inventory | 46,963 | - | - | 46,963 |
| Restricted assets: | | | | |
| Cash and cash equivalents | 269,768 | 307 | - | 270,075 |
| Total assets | <u>13,423,735</u> | <u>2,981,720</u> | <u>5,736,928</u> | <u>22,142,383</u> |
| LIABILITIES AND FUND BALANCES | | | | |
| Liabilities: | | | | |
| Interfund payables - pooled cash | - | 170,335 | - | 170,335 |
| Accounts payable | 954,356 | 279,226 | 268,237 | 1,501,819 |
| Other accrued liabilities | 850,656 | - | 107,199 | 957,855 |
| Due to other funds | - | 890,616 | - | 890,616 |
| Deferred revenue | 2,669,547 | 2,978,413 | 1,444,727 | 7,092,687 |
| Total liabilities | <u>4,474,559</u> | <u>4,318,590</u> | <u>1,820,163</u> | <u>10,613,312</u> |
| Fund balances: | | | | |
| Reserved for: | | | | |
| Encumbrances | 465,322 | - | 113,210 | 578,532 |
| Capital activities | 1,278,181 | - | - | 1,278,181 |
| Perpetual care | - | - | 176,012 | 176,012 |
| Other | 441,145 | 47,972 | - | 489,117 |
| Unreserved, undesignated reported in: | | | | |
| General fund | 6,764,528 | - | - | 6,764,528 |
| Special revenue | - | (1,384,842) | 3,490,793 | 2,105,951 |
| Capital projects | - | - | 136,750 | 136,750 |
| Total fund balances | <u>8,949,176</u> | <u>(1,336,870)</u> | <u>3,916,765</u> | <u>11,529,071</u> |
| Total liabilities and fund balances | <u>\$ 13,423,735</u> | <u>\$ 2,981,720</u> | <u>\$ 5,736,928</u> | <u>\$ 22,142,383</u> |

The accompanying notes are an integral part of this statement.

City of Logan
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
June 30, 2006

Total fund balances - governmental fund types \$ 11,529,071

Total net assets reported for governmental activities in the statement of net assets is different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

| | | |
|-----------------------------------|---------------------|------------|
| Land | 13,792,640 | |
| Other nondepreciable assets | 1,700,000 | |
| Buildings | 32,193,829 | |
| Improvements other than buildings | 9,473,846 | |
| Equipment | 16,873,712 | |
| Infrastructure | 30,253,814 | |
| Work in progress | 1,199,690 | |
| Accumulated depreciation | <u>(50,964,308)</u> | |
| Total | | 54,523,223 |

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.

| | | |
|-------------------|----------------|-----------|
| Deferred revenues | 1,211,244 | |
| Deferred assets | <u>326,899</u> | |
| Total | | 1,538,143 |

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.

| | | |
|--------------------------------------|--------------------|--------------|
| Interest payable | (283,648) | |
| Bonds payable - current | (1,382,000) | |
| Bonds payable - non-current | (18,253,915) | |
| Notes payable - current | (86,754) | |
| Notes payable - non-current | (585,611) | |
| Capital leases payable - current | (471,670) | |
| Capital leases payable - non-current | (666,705) | |
| Compensated absences payable | <u>(1,145,584)</u> | |
| Total | | (22,875,887) |

An internal service fund is used by the City to charge the costs of information systems to the individual funds. The assets and liabilities of internal service funds are included in the statement of net assets (\$657,624 less internal balances of \$54,144).

| | | |
|------------|----------------|---------|
| Net assets | <u>603,480</u> | |
| Total | | 603,480 |

| | | |
|---------------------------------------|--|-----------------------------|
| Net assets of governmental activities | | <u><u>\$ 45,318,030</u></u> |
|---------------------------------------|--|-----------------------------|

The accompanying notes are an integral part of this statement.

City of Logan
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2006

| | General | Redevelopment Agency | Other Governmental Funds | Total Governmental Funds |
|---------------------------------------|---------------------|-------------------------|--------------------------------|--------------------------------|
| REVENUES | | | | |
| Property tax | \$ 2,023,316 | \$ 1,600,890 | \$ 1,093,553 | \$ 4,717,759 |
| Sales tax | 7,785,306 | - | 1,871,197 | 9,656,503 |
| Franchise tax | 4,549,254 | - | - | 4,549,254 |
| Licenses and permits | 1,444,976 | - | - | 1,444,976 |
| Intergovernmental | 2,721,903 | - | 1,869,443 | 4,591,346 |
| Administrative fees | 2,961,293 | - | - | 2,961,293 |
| Charges for services | 2,613,138 | - | 1,705,817 | 4,318,955 |
| Fines | 949,637 | - | 47,597 | 997,234 |
| Investment earnings | 258,469 | 8,917 | 120,145 | 387,531 |
| Contributions from private sources | - | - | 143,364 | 143,364 |
| Miscellaneous | 393,126 | 319,868 | 200,179 | 913,173 |
| Total revenues | <u>25,700,418</u> | <u>1,929,675</u> | <u>7,051,295</u> | <u>34,681,388</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | 5,611,918 | - | - | 5,611,918 |
| Public safety | 8,629,065 | - | 1,121,122 | 9,750,187 |
| Public works | 5,286,154 | 690,619 | 2,232,707 | 8,209,480 |
| Parks, recreation and culture | 2,414,955 | - | 2,625,609 | 5,040,564 |
| Debt service: | | | | |
| Principal | 1,446,508 | 453,747 | 13,795 | 1,914,050 |
| Interest | 535,796 | 229,995 | 4,847 | 770,638 |
| Debt issuance cost | 114,371 | - | - | 114,371 |
| Capital outlay: | | | | |
| Public safety | 41,321 | - | 124,434 | 165,755 |
| Public works | 204,029 | 115,518 | 997,199 | 1,316,746 |
| Parks, recreation and culture | 101,581 | - | 437,507 | 539,088 |
| Total expenditures | <u>24,385,698</u> | <u>1,489,879</u> | <u>7,557,220</u> | <u>33,432,797</u> |
| Revenues over (under) expenditures | <u>1,314,720</u> | <u>439,796</u> | <u>(505,925)</u> | <u>1,248,591</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 4,961,448 | - | 928,139 | 5,889,587 |
| Transfers out | (1,308,679) | (228,242) | (122,763) | (1,659,684) |
| Debt issuance | 6,820,000 | - | 193,000 | 7,013,000 |
| Debt premium | 259,265 | - | - | 259,265 |
| Debt refinancing | (6,961,526) | - | - | (6,961,526) |
| Sale of fixed assets | - | - | 1,029,000 | 1,029,000 |
| Total other financing sources (uses) | <u>3,770,508</u> | <u>(228,242)</u> | <u>2,027,376</u> | <u>5,569,642</u> |
| Net change in fund balances | <u>5,085,228</u> | <u>211,554</u> | <u>1,521,451</u> | <u>6,818,233</u> |
| Fund balances, beginning | <u>3,863,948</u> | <u>(1,548,424)</u> | <u>2,395,314</u> | <u>4,710,838</u> |
| Fund balances, ending | <u>\$ 8,949,176</u> | <u>\$ (1,336,870)</u> | <u>\$ 3,916,765</u> | <u>\$ 11,529,071</u> |

The accompanying notes are an integral part of this statement.

City of Logan
Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2006

| | | | |
|--|-------------|-------------|---------------------|
| Net changes in fund balances - total governmental funds | | | \$ 6,818,233 |
| Amounts reported for governmental activities in the statement of activities are different because: | | | |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. | | | |
| Capital outlay | 2,021,589 | | |
| Depreciation expense | (3,814,001) | | |
| Total | | (1,792,412) | |
| The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase (decrease) net assets. | | | |
| Donated capital assets | 727,681 | | |
| Disposal of assets | (887,739) | | |
| Total | | (160,058) | |
| Some revenues in the statement of activities do not provide current financial resources and, therefore, are not reported as revenues in the funds. | | | |
| Net decrease in deferred revenues | (427,291) | (427,291) | |
| The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. | | | |
| Issuance of long-term debt, net | (7,272,265) | | |
| Retirement of long-term debt | 8,875,576 | | |
| Amortization | 114,371 | | |
| Total | | 1,717,682 | |
| Some expenses reported in the statement of activities do not require the use of current resources and, therefore, are not reported as expenditures in governmental funds. | | | |
| Compensated absences | (46,100) | | |
| Interest expense | (142,851) | | |
| Total | | (188,951) | |
| An internal service fund is used by management to charge the cost of information systems to individual funds. The net expense of the internal service fund is reported with governmental activities. | | | |
| Net expenses of internal service funds | 35,964 | | |
| Total | | 35,964 | |
| Change in net assets of governmental activities | | | <u>\$ 6,003,167</u> |

The accompanying notes are an integral part of this statement.

This page intentionally left blank.

Proprietary Fund Financial Statements

Water and Sewer Fund

Sewer Treatment Fund

Electric Fund

Environmental Health Fund

Storm Water Management Fund

Golf Course Fund

Information Services Internal Service Fund

**City of Logan
Statement of Net Assets
Proprietary Funds
June 30, 2006**

| | Business-Type Activities - Enterprise Funds | | | | | | | Governmental Activities - |
|---|---|--------------------|---------------|-------------------------|---------------------------|--------------|---------------|------------------------------|
| | Water and Sewer | Sewer Treatment | Electric | Environmental Health | Storm Water Management | Golf Course | Total | Information Services ISF |
| ASSETS | | | | | | | | |
| Current assets: | | | | | | | | |
| Cash and cash equivalents | \$ 251,598 | \$ 315,737 | \$ 2,508,071 | \$ 5,358,957 | \$ - | \$ 40,306 | \$ 8,474,669 | \$ 688,076 |
| Interfund receivables - pooled cash | - | - | - | 215,964 | - | - | 215,964 | - |
| Accounts receivable (net of allowance) | 885,161 | 244,892 | 3,025,693 | 751,359 | 50,677 | - | 4,957,782 | - |
| Due from other funds | 102,965 | - | 293,400 | 1,438,046 | - | - | 1,834,411 | - |
| Due from other governmental units | 2,600,000 | 94,437 | 169,510 | 2,500 | - | - | 2,866,447 | - |
| Inventory | 306,594 | - | 860,647 | - | - | 69,062 | 1,236,303 | - |
| Total current assets | 4,146,318 | 655,066 | 6,857,321 | 7,766,826 | 50,677 | 109,368 | 19,585,576 | 688,076 |
| Noncurrent assets: | | | | | | | | |
| Restricted assets: | | | | | | | | |
| Cash and cash equivalents | 1,105,267 | 332,767 | 56 | 1,444,113 | - | 129,475 | 3,011,678 | - |
| Deferred assets | 97,975 | 106,855 | 119,739 | - | - | 41,346 | 365,915 | - |
| Intangible assets | - | - | 66,708 | - | - | - | 66,708 | - |
| Capital assets: | | | | | | | | |
| Land | 352,607 | 1,730,104 | 571,752 | 1,362,813 | - | 1,380,718 | 5,397,994 | - |
| Buildings | 1,131,060 | 278,312 | 4,892,706 | 4,111,445 | - | 570,084 | 10,983,607 | - |
| Improvements other than buildings | 27,076,159 | 14,338,498 | 11,018,962 | 1,591,883 | 1,808,860 | 3,569,876 | 59,404,238 | - |
| Equipment | 5,314,286 | 1,866,868 | 30,265,524 | 7,096,614 | 210,384 | 419,796 | 45,173,472 | 1,048,997 |
| Less accumulated depreciation | (11,404,109) | (3,304,487) | (23,007,177) | (4,567,144) | (762,499) | (1,741,049) | (44,786,465) | (977,009) |
| Work in progress | 6,774,985 | - | - | - | 294,005 | - | 7,068,990 | - |
| Total noncurrent assets | 30,448,230 | 15,348,917 | 23,928,270 | 11,039,724 | 1,550,750 | 4,370,246 | 86,686,137 | 71,988 |
| Total assets | 34,594,548 | 16,003,983 | 30,785,591 | 18,806,550 | 1,601,427 | 4,479,614 | 106,271,713 | 760,064 |
| LIABILITIES | | | | | | | | |
| Current liabilities: | | | | | | | | |
| Interfund payables - pooled cash | - | - | - | - | 215,964 | - | 215,964 | - |
| Accounts payable | 113,363 | 22,969 | 4,824,787 | 263,475 | 30,897 | 60,089 | 5,315,580 | 50,297 |
| Leases payable | - | - | 93,244 | 80,384 | - | - | 173,628 | - |
| Notes payable | 551,000 | - | - | - | - | - | 551,000 | - |
| Due to other funds | - | 1,000,000 | - | - | 189,446 | - | 1,189,446 | - |
| Other accrued liabilities | 61,632 | 6,724 | 105,565 | 110,567 | 1,911 | 16,838 | 303,237 | 16,992 |
| Compensated absences | 92,823 | 14,549 | 220,953 | 198,215 | 5,268 | 19,834 | 551,642 | 35,151 |
| Bonds payable | 590,000 | 1,130,000 | 815,000 | - | - | 325,000 | 2,860,000 | - |
| Interest payable | 62,167 | 13,908 | 74,766 | 7,930 | - | 13,185 | 171,956 | - |
| Total current liabilities | 1,470,985 | 2,188,150 | 6,134,315 | 660,571 | 443,486 | 434,946 | 11,332,453 | 102,440 |
| Noncurrent liabilities: | | | | | | | | |
| Leases payable | - | - | 146,065 | 170,049 | - | - | 316,114 | - |
| Bonds payable | 9,302,000 | 6,670,000 | 4,495,000 | - | - | 1,415,000 | 21,882,000 | - |
| Due to other governmental units | 250 | - | - | - | - | - | 250 | - |
| Landfill closure/postclosure costs | - | - | - | 3,672,826 | - | - | 3,672,826 | - |
| Total noncurrent liabilities | 9,302,250 | 6,670,000 | 4,641,065 | 3,842,875 | - | 1,415,000 | 25,871,190 | - |
| Total liabilities | 10,773,235 | 8,858,150 | 10,775,380 | 4,503,446 | 443,486 | 1,849,946 | 37,203,643 | 102,440 |
| NET ASSETS | | | | | | | | |
| Invested in capital assets, net of related debt | 18,899,713 | 7,216,150 | 18,378,905 | 5,672,352 | 1,550,750 | 2,500,771 | 54,218,641 | 71,988 |
| Restricted for: | | | | | | | | |
| Debt service | 1,105,267 | 332,767 | 56 | - | - | 129,475 | 1,567,565 | - |
| Capital activities | 152,671 | - | 184,462 | 1,444,113 | 20,245 | - | 1,801,491 | - |
| Unrestricted | 3,663,662 | (403,084) | 1,446,788 | 7,186,639 | (413,054) | (578) | 11,480,373 | 585,636 |
| Total net assets | \$ 23,821,313 | \$ 7,145,833 | \$ 20,010,211 | \$ 14,303,104 | \$ 1,157,941 | \$ 2,629,668 | \$ 69,068,070 | \$ 657,624 |

The accompanying notes are an integral part of this statement.

City of Logan
Reconciliation of the Statement of Net Assets
of Proprietary Funds to the Statement of Net Assets
June 30, 2006

| | |
|---|-----------------------------|
| Total net assets for proprietary funds | \$ 69,068,070 |
| Internal service fund allocation for prior year | 51,684 |
| Internal service fund allocation for current year | 2,460 |
| | <hr/> |
| Total business-type net assets | <u><u>\$ 69,122,214</u></u> |

The accompanying notes are an integral part of this statement.

City of Logan
Statement of Revenues, Expenses, and Changes in Net Assets
Proprietary Funds
For the Year Ended June 30, 2006

| | Business-Type Activities - Enterprise Funds | | | | | | | Governmental Activities - Information Services ISF |
|--------------------------------------|--|------------------------|----------------------|-----------------------------|-------------------------------|---------------------|----------------------|---|
| | Water and Sewer | Sewer Treatment | Electric | Environmental Health | Storm Water Management | Golf Course | Total | |
| Operating revenues: | | | | | | | | |
| Charges for sales and services | \$ 7,019,434 | \$ 3,247,470 | \$ 28,967,782 | \$ 8,183,825 | \$ 823,328 | \$ 842,354 | \$ 49,084,193 | \$ 1,028,193 |
| Unbilled sales | 364,370 | 48,474 | 1,052,607 | - | - | - | 1,465,451 | - |
| Connection fees | 292,201 | - | 273,136 | - | - | - | 565,337 | - |
| Total operating revenues | <u>7,676,005</u> | <u>3,295,944</u> | <u>30,293,525</u> | <u>8,183,825</u> | <u>823,328</u> | <u>842,354</u> | <u>51,114,981</u> | <u>1,028,193</u> |
| Operating expenses: | | | | | | | | |
| Personal services | 1,357,172 | 183,719 | 2,692,870 | 2,539,982 | 18,115 | 395,029 | 7,186,887 | 442,888 |
| Administrative fees | 795,431 | 141,599 | 798,140 | 908,728 | 3,000 | - | 2,646,898 | - |
| Contractual services | 501,845 | 99,484 | 5,425 | 299,890 | 3,943 | 6,925 | 917,512 | 287 |
| Operating and maintenance | 1,401,837 | 240,842 | 22,790,824 | 1,902,768 | 57,680 | 350,416 | 26,744,367 | 494,602 |
| Landfill closure/postclosure costs | - | - | - | 106,239 | - | - | 106,239 | - |
| Depreciation and amortization | 950,934 | 433,099 | 1,686,629 | 1,065,474 | 50,827 | 136,404 | 4,323,367 | 79,840 |
| Total operating expenses | <u>5,007,219</u> | <u>1,098,743</u> | <u>27,973,888</u> | <u>6,823,081</u> | <u>133,565</u> | <u>888,774</u> | <u>41,925,270</u> | <u>1,017,617</u> |
| Operating income (loss) | <u>2,668,786</u> | <u>2,197,201</u> | <u>2,319,637</u> | <u>1,360,744</u> | <u>689,763</u> | <u>(46,420)</u> | <u>9,189,711</u> | <u>10,576</u> |
| Nonoperating revenues (expenses): | | | | | | | | |
| Intergovernmental revenue | 236,000 | - | - | 4,100 | - | - | 240,100 | - |
| Interest | 80,551 | 18,102 | 54,144 | 206,170 | 412 | 7,931 | 367,310 | 23,922 |
| Gain (loss) on sale of assets | 51,500 | - | 975 | 70,470 | - | - | 122,945 | 2,000 |
| Miscellaneous | 194,977 | 144 | 1,645,729 | 317,563 | 93,524 | 4,485 | 2,256,422 | 1,926 |
| Capital improvement development fees | 50,700 | - | - | - | - | - | 50,700 | - |
| Interest expense and fiscal charges | (323,083) | (417,665) | (181,553) | (10,007) | (12,859) | (61,740) | (1,006,907) | - |
| Total nonoperating revenue (expense) | <u>290,645</u> | <u>(399,419)</u> | <u>1,519,295</u> | <u>588,296</u> | <u>81,077</u> | <u>(49,324)</u> | <u>2,030,570</u> | <u>27,848</u> |
| Income (loss) before transfers | <u>2,959,431</u> | <u>1,797,782</u> | <u>3,838,932</u> | <u>1,949,040</u> | <u>770,840</u> | <u>(95,744)</u> | <u>11,220,281</u> | <u>38,424</u> |
| Transfers in | - | - | - | - | - | 384,740 | 384,740 | - |
| Transfers out | (725,685) | (269,463) | (2,845,513) | (773,982) | - | - | (4,614,643) | - |
| Capital contributions | 404,835 | - | - | - | 210,350 | - | 615,185 | - |
| Change in net assets | 2,638,581 | 1,528,319 | 993,419 | 1,175,058 | 981,190 | 288,996 | 7,605,563 | 38,424 |
| Total net assets, beginning | 21,182,732 | 5,617,514 | 19,016,792 | 13,128,046 | 176,751 | 2,340,672 | 61,462,507 | 619,200 |
| Total net assets, ending | <u>\$ 23,821,313</u> | <u>\$ 7,145,833</u> | <u>\$ 20,010,211</u> | <u>\$ 14,303,104</u> | <u>\$ 1,157,941</u> | <u>\$ 2,629,668</u> | <u>\$ 69,068,070</u> | <u>\$ 657,624</u> |

The accompanying notes are an integral part of this statement.

City of Logan
Reconciliation of the Statement of Revenues, Expenses, and Changes
in Fund Net Assets of Proprietary Funds to the Statement of Activities
For the Year Ended June 30, 2006

| | |
|---|----------------------------|
| Total changes in net assets proprietary funds | \$ 7,605,563 |
| Internal service fund allocation for current year | 2,460 |
| | <hr/> |
| Total changes in business-type net assets | <u><u>\$ 7,608,023</u></u> |

The accompanying notes are an integral part of this statement.

City of Logan
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2006

| | Business-Type Activities - Enterprise Funds | | | | | | | Governmental Activities - Information Services ISF |
|---|---|-----------------|---------------|-------------------------|---------------------------|-------------|---------------|---|
| | Water and Sewer | Sewer Treatment | Electric | Environmental Health | Storm Water Management | Golf Course | Total | |
| Cash Flows From Operating Activities | | | | | | | | |
| Receipts from customers and users | \$ 7,355,637 | \$ 3,239,454 | \$ 29,989,234 | \$ 8,081,805 | \$ 772,651 | \$ 842,354 | 50,281,135 | \$ 1,028,193 |
| Payments to suppliers | (1,937,200) | (377,103) | (21,719,340) | (2,054,090) | (30,726) | (319,921) | (26,438,380) | (459,838) |
| Payments to employees | (1,339,239) | (181,490) | (2,799,136) | (2,519,130) | (10,936) | (408,831) | (7,258,762) | (447,091) |
| Payments for interfund services used | (795,431) | (141,599) | (798,140) | (908,728) | (3,000) | - | (2,646,898) | - |
| Net cash provided by (used) operating activities | 3,283,767 | 2,539,262 | 4,672,618 | 2,599,857 | 727,989 | 113,602 | 13,937,095 | 121,264 |
| Cash Flows From Non-Capital Financing Activities | | | | | | | | |
| Miscellaneous income | 195,228 | 50,549 | 1,476,219 | 377,853 | (48,476) | 4,485 | 2,055,858 | 1,925 |
| Transfers from (to) other funds | (725,685) | (269,463) | (2,845,513) | (773,982) | - | 384,740 | (4,229,903) | - |
| Capital improvement development fees | 50,700 | - | - | - | - | - | 50,700 | - |
| Changes to interfund receivables and payables | (1,135,335) | (437,927) | - | 2,967,147 | 20,768 | (62,225) | 1,352,428 | - |
| Net cash provided (used) by non-capital and related financing activities | (1,615,092) | (656,841) | (1,369,294) | 2,571,018 | (27,708) | 327,000 | (770,917) | 1,925 |
| Cash Flows From Capital and Related Financing Activities | | | | | | | | |
| Proceeds from capital grants | 236,000 | - | - | - | - | - | 236,000 | - |
| Proceeds from sale of capital assets | 51,500 | - | 2,111 | 192,319 | - | - | 245,930 | 2,000 |
| Purchases of capital assets | (3,512,355) | (30,461) | (917,596) | (1,035,365) | (834,286) | (45,427) | (6,375,490) | (76,015) |
| Proceeds from issuance of debt | 665,000 | - | 141,202 | - | - | - | 806,202 | - |
| Principal paid on debt | (558,000) | (1,130,000) | (836,390) | (77,441) | - | (320,000) | (2,921,831) | - |
| Interest and fees paid on capital debt | (319,463) | (419,627) | (192,962) | (12,460) | (12,859) | (63,740) | (1,021,111) | - |
| Net cash provided (used) by capital and related financing activities | (3,437,318) | (1,580,088) | (1,803,635) | (932,947) | (847,145) | (429,167) | (9,030,300) | (74,015) |
| Cash Flows From Investing Activities | | | | | | | | |
| Interest and dividends received | 80,551 | 18,102 | 54,144 | 206,170 | 412 | 7,931 | 367,310 | 23,922 |
| Net cash provided (used) by investing activities | 80,551 | 18,102 | 54,144 | 206,170 | 412 | 7,931 | 367,310 | 23,922 |
| Net increase (decrease) in cash and cash equivalents | (1,688,092) | 320,435 | 1,553,833 | 4,444,098 | (146,452) | 19,366 | 4,503,188 | 73,096 |
| Cash and cash equivalents - beginning | 3,044,957 | 328,069 | 954,294 | 2,358,972 | 146,452 | 150,415 | 6,983,159 | 614,980 |
| Cash and cash equivalents - ending | 1,356,865 | 648,504 | 2,508,127 | 6,803,070 | - | 169,781 | 11,486,347 | 688,076 |
| Shown in the financial statements as: | | | | | | | | |
| Cash and cash equivalents | 251,598 | 315,737 | 2,508,071 | 5,358,957 | - | 40,306 | 8,474,669 | 688,076 |
| Restricted cash and cash equivalents | 1,105,267 | 332,767 | 56 | 1,444,113 | - | 129,475 | 3,011,678 | - |
| Total | 1,356,865 | 648,504 | 2,508,127 | 6,803,070 | - | 169,781 | 11,486,347 | 688,076 |
| Reconciliation of operating income to net cash provided by (used in) operating activities: | | | | | | | | |
| Operating income (loss) | 2,668,786 | 2,197,201 | 2,319,637 | 1,360,744 | 689,763 | (46,420) | 9,189,711 | 10,576 |
| Adjustments to reconcile operating income to net cash provided (used) by operating activities: | | | | | | | | |
| Depreciation and amortization expenses | 950,934 | 433,099 | 1,686,629 | 1,065,474 | 50,827 | 136,404 | 4,323,367 | 79,840 |
| (Increase) decrease in receivables | (320,368) | (56,490) | (304,291) | (102,020) | (50,677) | - | (833,846) | - |
| (Increase) decrease in inventories | 51,804 | - | (12,863) | - | - | (3,506) | 35,435 | - |
| Increase (decrease) in accounts payable | (85,322) | (36,777) | 1,089,772 | 148,568 | 30,897 | 40,926 | 1,188,064 | 35,051 |
| Increase (decrease) in accrued expenses | 17,933 | 2,229 | (106,266) | 20,852 | 7,179 | (13,802) | (71,875) | (4,203) |
| Increase (decrease) in landfill closure costs | - | - | - | 106,239 | - | - | 106,239 | - |
| Total adjustments | 614,981 | 342,061 | 2,352,981 | 1,239,113 | 38,226 | 160,022 | 4,747,384 | 110,688 |
| Net cash provided by (used in) operating activities | \$ 3,283,767 | \$ 2,539,262 | \$ 4,672,618 | \$ 2,599,857 | \$ 727,989 | \$ 113,602 | \$ 13,937,095 | \$ 121,264 |
| Noncash Transactions | | | | | | | | |
| Contribution of fixed assets | \$ 404,835 | \$ - | \$ - | \$ - | \$ 210,350 | \$ - | \$ 615,185 | \$ - |

The accompanying notes are an integral part of this statement.

Notes to the Financial Statements

CITY OF LOGAN
NOTES TO THE FINANCIAL STATEMENTS

Note 1 -Summary of Significant Accounting Policies

Reporting Entity

The City of Logan, Utah (the City) is a municipal corporation governed by an elected mayor and five-member council. The accompanying financial statements present the primary government and its component units. Blended component units, although legally separate entities are, in substance, part of the City's operations.

Blended Component Units

The City established a Redevelopment Agency (RDA) pursuant to state code and designated the City Council and the Mayor as the Redevelopment Agency Board. The City has adopted redevelopment plans for the Logan Downtown, Logan River, Logan South Main, Logan Northwest, Logan North Main, and the Logan North Retail redevelopment project areas, and the Logan 600 West Economic Development project area. The financial statements of the Redevelopment Agency are included as part of the Comprehensive Annual Financial Report of the City (by blended presentation) and are included as a major governmental fund.

The City established the Logan City Housing Authority pursuant to state code. The Mayor subsequently appointed members of the City Council as the Board of Commissioners. Originally the Housing Authority was established to receive and administer federal funds and City funds for low cost income rental subsidization. The financial statements of the Housing Authority are included as part of the Comprehensive Annual Financial Report of the City (by blended presentation) as a nonmajor governmental fund. During fiscal year 2006, all remaining assets and liabilities of the Housing Authority were transferred to the general fund, and the Authority was placed into dormancy.

The City established a Municipal Building Authority pursuant to state code. The Governing Board of the Building Authority is comprised of the Mayor and members of the City Council. The purpose of the Authority is to serve the City as a financing agency for debt financed projects. During fiscal year 2004, all remaining assets and liabilities of the Authority were transferred to the general fund, and the Authority was placed into dormancy. The only debt outstanding at that time was the State Permanent Community Impact Bonds. As both the dollar amount outstanding as well as the annual debt service on these bonds are insignificant, the decision was made to service these bonds out of the general fund.

Interlocal Agreements

The City has entered into interlocal agreements with Cache County, Logan City School District, and various other municipalities within the county to provide services or operate facilities. The following is a description of the significant agreements:

Logan-Cache Airport Authority

The Logan-Cache Airport Authority was organized as a separate legal entity to provide airport services to the entire Cache County area. The airport is jointly funded by the City of Logan and Cache County. The Authority is governed by a board composed of seven members; the Logan Mayor (or designee), the Cache County Executive (or designee), two members appointed by the City of Logan, two members appointed by Cache County, and one member elected at large from the previously mentioned six members. The City participates by contributing a fixed sum of money according to the agreement, as does the County. The Authority is included as a component unit of Cache County.

Cache County Emergency Medical Services Authority (CEEMS)

CEEMS was organized as a separate legal entity to provide emergency medical services to the residents of Cache County. CEEMS began operations on January 1, 2005. The responsibility for financial management of CEEMS is retained by the governing board composed of three members from Cache County, three members from the City of Logan, and one member elected at-large from one of the other affected municipalities. The Authority is included as a component unit of Cache County. The City is expressly not obligated for CEEMS debt. The City is a service

CITY OF LOGAN
NOTES TO THE FINANCIAL STATEMENTS

provider to CCEMS. Through the agreement with CCEMS, the City is compensated a set fee for emergency medical services provided to county residents.

North Park Interlocal Cooperative (NPIC)

NPIC was organized as a separate legal entity to facilitate the construction of a recreational ice arena. The cooperative members are Cache County, Hyde Park City, the City of North Logan, and the City of Logan. Cache County appoints three board members and each city appoints two board members. The primary funding of the NPIC is from an allocation of restaurant tax collections from Cache County and dedicated sales tax collections from the other cities within the county limits, including the City of Logan. The County accounts for the dedicated sales tax collections. NPIC is included as a component unit of Cache County. NPIC has issued \$2,017,000 in revenue bonds. At the time of issuing the bonds, NPIC entered into a lease agreement with members of NPIC with the annual rent to be paid from the dedicated tax allocations described above. The City is not obligated on the debt beyond the dedicated sales tax.

Willow Park Complex Interlocal Agreement

The Willow Park complex agreement was created for the operation of the Logan-Cache fairgrounds, Willow Park, Willow Park Zoo, Willow Park Sports Complex, and Fairview Park. The agreement calls for the City of Logan and the County to share the costs of operation equally. The willow park fund is a nonmajor governmental fund of the City of Logan.

Logan Community Recreation Center Joint Use and Operations Agreement

The City of Logan and the Logan City School District have agreed to share in the maintenance of the Recreation Center. The City provides for the operating expenses and is entitled to the operating revenue. The City and the School District share equally in the maintenance of the building, and as a result the district is able to use the facility for educational purposes. The City and the School District agree to the maintenance budget each year. The recreation center maintenance fund is a nonmajor governmental fund of the City of Logan.

Communication 911 Fund

The City of Logan Communication Center functions as the 911 emergency dispatch center for all public safety agencies in Cache County. Municipalities within Cache County have adopted resolutions authorizing the City of Logan to collect 911 fees generated within their respective jurisdictions and to provide emergency dispatch services.

Utah Associated Municipal Power Systems (UAMPS)

The City is a participant with 48 other members in UAMPS. UAMPS is a governmental agency that provides comprehensive wholesale electric services, on a nonprofit basis, to municipalities throughout the Intermountain West. UAMPS members include 38 municipalities, one joint action agency, one electric service district, three public utility districts, three water conservancy districts, one cooperative and one non-profit corporation. The members are located in Utah, Arizona, Idaho, Nevada, New Mexico, and California. Together they supply energy services to nearly 150,000 business and residential customers. UAMPS is a stand-alone government that issues its own financial statements. For a copy of their financial statements contact UAMPS at 2825 Cottonwood Parkway, Suite 200, Salt Lake City, Utah, 84121, or call 1-800-872-5961, or visit their website at www.uamps.com. For more information regarding the City's contracts with UAMPS, see Note 18.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which primarily rely on fees and charges for support.

The statement of activities is presented to show the extent program revenues of a given activity support direct expenses. Direct expenses are those that are clearly identifiable with a specific activity or program. Program

CITY OF LOGAN
NOTES TO THE FINANCIAL STATEMENTS

revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given activity or program, and (2) grants and contributions restricted to meeting the operational or capital requirements of a particular activity or program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available if they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenue to be available if it is collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, sales taxes, franchise taxes, and intergovernmental revenue are considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available when cash is received.

Major Governmental Funds

The general fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Redevelopment Agency accounts for the activities of the Logan Downtown, Logan River, Logan South Main, Logan Northwest, Logan North Main and the Logan North Retail redevelopment project areas, and the Logan 600 West economic development area.

Major Proprietary Funds

The water and sewer fund accounts for the activities associated with the water distribution system and the sewage pumping stations and collection systems.

The sewer treatment fund accounts for the activities associated with operating a sewer lagoon and wetland system.

The electric fund accounts for electric generation and distribution operations.

The environmental health fund accounts for the activities associated with refuse collection for all of Cache County. The environmental health fund also manages and operates a landfill.

The storm water management fund accounts for the collection and management of storm water runoff.

The golf course fund accounts for the operation of the Logan River Golf Course.

The information services fund is an internal service fund that accounts for the cost of providing information services to the City.

CITY OF LOGAN
NOTES TO THE FINANCIAL STATEMENTS

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance. The City has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are for charges for the City's water and sewer, electric, and environmental health services to the various other departments of the City. Elimination of these charges would distort the direct costs and program revenues reported for various functions concerned.

Amounts reported as program revenues include (1) charges to customers for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds and the City's internal service fund are charges to customers for sales and services. Operating expenses for enterprise funds and the internal service fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the City to invest in obligations of U.S. Treasury, certificates of deposit, and the State Treasurers' Investment Pool. The State Treasurers' Investment Pool is classified as cash and cash equivalents in the financial statements.

Investments for the City, as well as for its component units, are reported at fair value. The State Treasurers' Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is approximately the same as the fair value of the pool shares.

The City Treasurer invests all temporarily idle cash. The majority of the City's cash is invested through the Utah State Treasurers' Investment Pool and any remaining balances are transferred into an interest bearing sweep account at the end of each business day. The City also invests in other interest earning investments that are approved under the Utah Money Management Act.

Most bond funds are not under the control of the City Treasurer. These amounts are invested by the bond trustee in accordance with the terms of the bond resolutions, which designate the types of investments in which idle funds may be placed.

Interest earnings on the general investment account under the control of the City Treasurer are credited to the general fund and are redistributed to various funds at the end of the fiscal year.

Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds." All other outstanding balances between funds are reported as "interfund receivables/payables - pooled cash" and represent residual balances outstanding between the

CITY OF LOGAN
NOTES TO THE FINANCIAL STATEMENTS

governmental activities and business-type activities for pooled cash activities. All interfund loans are considered current.

Receivables are shown net of an allowance for doubtful accounts. The allowance for doubtful accounts is estimated based on professional judgment and historical information.

Property Taxes

All taxable property is required to be assessed and taxed at a uniform and equal rate based on its fair market value. The State Tax Commission is required to assess certain types of property including public utilities and mining property. The County Assessor is required to assess all other taxable property. Both entities are required to assess properties prior to January 1, the assessment date. The County is required to complete the tax rolls by May 15. Property taxes are levied through the passage of a resolution by the City Council in June of each year. By July 21, the County is to mail assessed value and tax notices to property owners. After the time of petition, tax notices are mailed to property owners with a due date of November 30.

Inventory

Inventory held by the enterprise funds and the general fund is valued using the weighted average method, which approximates cost. Inventory held in the other funds is insignificant and is expensed.

Restricted Assets

Certain proceeds of the City's funds, as well as certain resources set aside for debt repayment, are classified as restricted assets on the balance sheet. These funds are maintained in separate bank accounts and their use is limited by applicable bond covenants.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure (e.g., roads, bridges, sidewalks, and similar items), are reported in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The cost of normal maintenance and repair that does not add to the value of the asset or materially extend the asset life is expensed.

Major outlays for capital assets and improvements are capitalized as assets are constructed or purchased. Interest incurred during the construction phase of a capital asset is included as part of the capitalized value of the asset constructed.

Capital assets are depreciated using the straight line method over the following estimated useful lives:

| Asset | Useful Life |
|----------------|--------------------|
| Buildings | 20 to 30 years |
| Improvements | 50 years |
| Infrastructure | 20 to 50 years |
| Equipment | 5 to 10 years |

Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the City does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when earned in the government-wide and proprietary fund financial statements.

CITY OF LOGAN
NOTES TO THE FINANCIAL STATEMENTS

Long-Term Obligations

In the government-wide financial statements and proprietary fund statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of applicable bond premium or discount. Bond issuance costs are reported as deferred assets and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Use of Estimates

The preparation of the financial statements in accordance with Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of certain financial statement balances. Actual results could vary from the estimates used.

Note 2 - Compliance and Accountability

Excess of Expenditures/Expenses Over Appropriations

Section 10-6-123 of Utah Code Annotated, requires that for governmental funds "City Officers shall not make or incur expenditures or encumbrances in excess of total appropriations for any department in the budget as adopted or as subsequently amended." The City Council requires accountability at the division level for the general fund and the department level for all other funds. As of June 30, 2006, no governmental divisions or departments exceeded their budgets.

The redevelopment agency fund promotes economic development through the granting of incentives and other activities. The agency has borrowed money through issuing bonds and obtaining interfund loans. The agency is expected to operate at a deficit until which time it is able to pay back loans as tax increment is generated and collected. At June 30, 2006, the redevelopment agency fund had a negative fund balance of \$1,336,870.

Note 3 - Deposits and Investments

The State of Utah Money Management Council has the responsibility to advise the State Treasurer about investment policies, promote measures and rules that will assist in strengthening the banking and credit structure of the State, and review the rules adopted by the State of Utah Money Management Act that relate to the deposit and investment of public funds.

The City of Logan follows the requirements of the Utah Money Management Act (Utah Code, Title 51, Chapter 7) in handling its depository and investment transactions. The Act requires the depositing of funds in a qualified depository. The Act defines a qualified depository as any financial institution whose deposits are insured by an agency of the Federal Government and has been certified by the State Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

CITY OF LOGAN
NOTES TO THE FINANCIAL STATEMENTS

Deposits

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned. The City's policy for managing custodial credit risk is to adhere to the Money Management Act. As of June 30, 2005, \$1,910,749 of the City's bank balances of \$2,010,749 was uninsured and uncollateralized.

Investments

The Money Management Act defines the types of securities authorized as appropriate investments for the City and the conditions for making investment transactions. Investment transactions may be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities.

State statutes authorize the City to invest in negotiable or nonnegotiable deposits of qualified depositories and permitted negotiable depositories; repurchase and reverse repurchase agreements; commercial paper that is classified as "first tier" by two nationally recognized statistical rating organizations, one of which must be Moody's Investors Services or Standard & Poor's; bankers' acceptances; obligations of the United States Treasury including bills, notes, and bonds; bonds, notes and other evidence of indebtedness of political subdivisions of the State; fixed rate corporate obligations and variable rate securities rated "A" or higher, or the equivalent of "A" or higher, by two nationally recognized statistical rating organizations; shares of certificates in a money market mutual fund as defined in the Act; and the Utah State Public Treasurers' Investment Fund.

The Utah State Treasurer's Office operates the Public Treasurers' Investment Fund (PTIF). The PTIF is available for investment of funds administered by any Utah public treasurer.

The PTIF is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Money Management Act. The Act established the Money Management Council, which oversees the activities of the State Treasurer and the PTIF and details the types of authorized investments. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gains or losses on investments.

The PTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses – net of administration fees, of the PTIF are allocated based upon the participant's average daily balance. The fair value of the PTIF investment pool is approximately equal to the value of the pool shares.

The City has investments held by a trustee in a money market mutual fund (MMMF). The mutual fund invests exclusively in United States Government securities.

The City participates in a repurchase agreement. To maximize interest earnings, overnight balances are sold to the bank in exchange for a security. The bank then repurchases the security from the City the next day. The interest earnings on the security are greater than the interest earnings on the deposit. At June 30, 2006, the investments underlying the repurchase agreement were Guaranteed MBS Pass-Through Securities (Mega Certificates), backed by Fannie Mae MBS Certificates.

At June 30, 2006, the City had the following investments and maturities:

| Investment Type | Fair Value | Investment Maturities (in years) | | | |
|-----------------|----------------------|----------------------------------|-------------|-------------|--------------|
| | | Less than 1 | 1 to 5 | 6 to 10 | More than 10 |
| PTIF | \$ 19,732,995 | \$ 19,732,995 | \$ - | \$ - | \$ - |
| MMMF | 856,002 | 856,002 | - | - | - |
| Rep Agreement | 2,401,039 | 2,401,039 | - | - | - |
| Total | <u>\$ 22,990,036</u> | <u>\$ 22,990,036</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

CITY OF LOGAN
NOTES TO THE FINANCIAL STATEMENTS

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City's policy for managing exposure to fair value loss arising from increasing interest rates is to comply with the Money Management Act. Section 51-7-11 of the Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. Except for funds of Institutions of Higher Education acquired by gifts, grants, or the corpus of funds functioning as endowments, the Act further limits the remaining term to maturity on all investments in commercial paper, bankers' acceptances, fixed rate negotiable deposits, and fixed rate corporate obligations to 270 to 365 days or less. In addition, variable rate negotiable deposits and variable rate securities may not have a remaining term to final maturity exceeding two years.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City's policy for reducing exposure to credit risk is to comply with the Money Management Act as previously discussed.

At June 30, 2006, the City had the following investments and quality ratings:

| Investment Type | Fair Value | Quality Ratings | | | |
|-----------------|----------------------|---------------------|-------------|-------------|----------------------|
| | | AAA | AA | A | Unrated |
| PTIF | \$ 19,732,995 | \$ - | \$ - | \$ - | \$ 19,732,995 |
| MMMF | 856,002 | - | - | - | 856,002 |
| Rep Agreement | 2,401,039 | 2,401,039 | - | - | - |
| Total | <u>\$ 22,990,036</u> | <u>\$ 2,401,039</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 20,588,997</u> |

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City's policy for managing this risk is to comply with the rules of the Money Management Council. Public Rule 17 of the Money Management Council limits investments in a single issuer of commercial paper and corporate obligations to five to ten percent depending upon the total dollar amount held in the portfolio.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's policy for managing custodial credit risk is to adhere to the Money Management Act. At June 30, 2006, the City had \$19,732,995 in the PTIF, \$856,002 in a MMMF, and \$2,401,039 in a Repurchase Agreement. At June 30, 2006, \$3,842,720 was held by the counterparty's trust department or agent but not in the government's name.

Note 4 – Receivables and Payables

Receivables

Allowances for doubtful accounts are as follows:

| | |
|--|---------------|
| Allowances related to water and sewer receivables | \$ 34,000 |
| Allowances related to electric receivables | 70,000 |
| Allowances related to environmental health receivables | <u>12,000</u> |
| Total | \$ 116,000 |

CITY OF LOGAN
NOTES TO THE FINANCIAL STATEMENTS

Receivables not expected to be collected within one year include the following:

| | |
|-------------------------------|---------------------|
| General fund notes | \$ 89,634 |
| RDA notes | 804,833 |
| Other governmental fund notes | 170,150 |
| Total | <u>\$ 1,064,617</u> |

The RDA has six notes receivable from specific businesses located in the Northwest RDA. As part of agreements to develop land, the RDA sold land in exchange for a note receivable. The notes are to be forgiven as increment is collected from the development of the land. If the business fails to generate property tax increment sufficient to cover the note, the business is responsible for the repayment.

Revenues of the water and sewer, electric, and environmental health funds are recorded net of uncollectible amounts. The total uncollectible amounts related to revenues of the current period are as follows:

| | |
|--|-------------------|
| Uncollectibles related to water and sewer charges | \$ 44,661 |
| Uncollectibles related to electric sales | 77,484 |
| Uncollectibles related to environmental health charges | 14,015 |
| Total | <u>\$ 136,160</u> |

Governmental funds report deferred revenue in connection with accounts receivable that are not considered to be available (not collected within 60 days of year end) to liquidate liabilities of the current period. Governmental funds also defer revenue in connection with resources that have been received, but are not earned. At the end of the current fiscal year, the various components of deferred revenue reported in the governmental funds were as follows:

| Fund | Unavailable | Unearned |
|----------------------------------|---------------------|-------------------|
| General fund: | | |
| Property taxes | \$ 2,215,240 | \$ - |
| July 4th fireworks donations | - | 500 |
| Economic development loans | 136,009 | - |
| Justice court bail | - | 61,473 |
| Questar gas revenue | - | 167,176 |
| Grants | - | 9,916 |
| RAPZ Tax | - | 79,233 |
| Redevelopment agency fund | | |
| Property taxes | 2,082,383 | - |
| Notes receivable | 896,030 | - |
| Other governmental funds | | |
| Property taxes | 1,137,173 | - |
| RAPZ Tax | - | 113,110 |
| Assessments receivable | 179,205 | - |
| Grants | - | 15,239 |
| Total | <u>\$ 6,646,040</u> | <u>\$ 446,647</u> |

Payables

Within accounts payable are deposits held by the City for various purposes. The majority are held as utility deposits, with the remainder for assurance deposits and miscellaneous credit balances. It is the City's practice to require a deposit for customers without a prior history of timely utility payment. This deposit is held for one year, at which time, if the customer has displayed consistent and timely payment, the deposit is refunded. As of June, 30, 2006, the City had the following deposit balances recorded in accounts payable:

CITY OF LOGAN
NOTES TO THE FINANCIAL STATEMENTS

| Fund | Amount |
|-----------------------|---------------------|
| General fund | \$ 381,339 |
| Nonmajor governmental | 6,484 |
| Electric | 723,958 |
| Environmental health | 7,663 |
| Total | <u>\$ 1,119,444</u> |

Note 5 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2006 is as follows:

| Governmental activities | Beginning Balance | Increases | Decreases | Ending Balance |
|--|------------------------------|-----------------------|---------------------|---------------------------|
| Capital assets, not being depreciated: | | | | |
| Land | \$ 14,229,414 | \$ 373,289 | \$ (810,063) | \$ 13,792,640 |
| Book collection | 1,700,000 | - | - | 1,700,000 |
| Construction in progress | 867,098 | 332,592 | - | 1,199,690 |
| Total capital assets, not being depreciated | <u>16,796,512</u> | <u>705,881</u> | <u>(810,063)</u> | <u>16,692,330</u> |
| Capital assets, being depreciated: | | | | |
| Buildings | 32,193,829 | - | - | 32,193,829 |
| Improvements other than buildings | 8,909,528 | 564,318 | - | 9,473,846 |
| Equipment | 17,858,212 | 1,228,059 | (1,163,562) | 17,922,709 |
| Infrastructure | 29,907,211 | 346,603 | - | 30,253,814 |
| Total capital assets being depreciated | <u>88,868,780</u> | <u>2,138,980</u> | <u>(1,163,562)</u> | <u>89,844,198</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | (15,050,956) | (1,788,003) | - | (16,838,959) |
| Improvements other than buildings | (1,011,003) | (188,916) | - | (1,199,919) |
| Equipment | (12,852,800) | (1,308,900) | 1,066,311 | (13,095,389) |
| Infrastructure | (20,199,028) | (608,022) | - | (20,807,050) |
| Total accumulated depreciation | <u>(49,113,787)</u> | <u>(3,893,841)</u> | <u>1,066,311</u> | <u>(51,941,317)</u> |
| Total capital assets, being depreciated, net | <u>39,754,993</u> | <u>(1,754,861)</u> | <u>(97,251)</u> | <u>37,902,881</u> |
| Governmental activities capital assets, net | <u>\$ 56,551,505</u> | <u>\$ (1,048,980)</u> | <u>\$ (907,314)</u> | <u>\$ 54,595,211</u> |

CITY OF LOGAN
NOTES TO THE FINANCIAL STATEMENTS

| Business-type activities | Beginning Balance | Increases | Decreases | Ending Balance |
|--|------------------------------|---------------------|---------------------|---------------------------|
| Capital assets, not being depreciated: | | | | |
| Land | \$ 5,241,821 | \$ 156,173 | \$ - | \$ 5,397,994 |
| Construction in progress | 3,451,377 | 3,617,613 | - | 7,068,990 |
| Total capital assets, not being depreciated | 8,693,198 | 3,773,786 | - | 12,466,984 |
| Capital assets, being depreciated: | | | | |
| Buildings | 10,983,607 | - | - | 10,983,607 |
| Improvements other than buildings | 58,428,695 | 975,543 | - | 59,404,238 |
| Equipment | 43,930,857 | 2,241,346 | (998,731) | 45,173,472 |
| Total capital assets being depreciated | 113,343,159 | 3,216,889 | (998,731) | 115,561,317 |
| Less accumulated depreciation for: | | | | |
| Buildings | (3,780,243) | (526,696) | - | (4,306,939) |
| Improvements other than buildings | (14,950,863) | (1,242,933) | - | (16,193,796) |
| Equipment | (22,669,380) | (2,492,095) | 875,745 | (24,285,730) |
| Total accumulated depreciation | (41,400,486) | (4,261,724) | 875,745 | (44,786,465) |
| Total capital assets, being depreciated, net | 71,942,673 | (1,044,835) | (122,986) | 70,774,852 |
| Business-type activities capital assets, net | <u>\$ 80,635,871</u> | <u>\$ 2,728,951</u> | <u>\$ (122,986)</u> | <u>\$ 83,241,836</u> |

Depreciation expense is charged to functions/programs of the primary government as follows:

| | |
|--|---------------------|
| Governmental activities: | |
| General government | \$ 20,450 |
| Public safety | 857,582 |
| Highways, streets, and general infrastructure assets | 2,444,132 |
| Parks, recreation and culture | 491,837 |
| Capital assets held by the governments internal service fund are charged to the various functions based on their usage of the assets | 79,840 |
| Total depreciation expense - governmental activities | <u>\$ 3,893,841</u> |
| Business-type activities: | |
| Water and sewer | \$ 942,416 |
| Sewer treatment | 418,808 |
| Electric | 1,656,502 |
| Environmental health | 1,065,474 |
| Storm water management | 50,827 |
| Golf course | 127,697 |
| Total depreciation - business-type activities | <u>\$ 4,261,724</u> |

Note 6 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2006, is as follows:

CITY OF LOGAN
NOTES TO THE FINANCIAL STATEMENTS

| Due to/from Other Funds: | | | Not Expected to be Repaid Within 1 Year |
|--------------------------|------------------------|--------------|---|
| Receivable Fund | Payable Fund | Amount | |
| General fund | Redevelopment agency | \$ 195,651 | \$ 75,000 |
| Water and sewer | Redevelopment agency | 102,965 | 102,965 |
| Electric | Redevelopment agency | 293,400 | 293,400 |
| Environmental health | Sewer treatment | 1,000,000 | 800,000 |
| | Redevelopment agency | 248,600 | 248,600 |
| | Storm water management | 189,446 | 144,446 |
| Other governmental | Redevelopment agency | 50,000 | 50,000 |
| | Total | \$ 2,080,062 | \$ 1,714,411 |

Due to/from balances result from interfund loans and are recorded as current assets and liabilities in the financial statements.

| Interfund Pooled Cash: | | |
|------------------------|------------------------|------------|
| Receivable Fund | Payable Fund | Amount |
| General Fund | Redevelopment agency | \$ 170,335 |
| Environmental health | Storm water management | 215,964 |
| | Total | \$ 386,299 |

Interfund pooled cash balances result from the sharing of a common bank account for maximizing interest earnings. These amounts are liquidated regularly based on cash flows within the funds.

| Transfers Out | Transfers In | | | Total |
|-----------------------|--------------|-----------------------|------------------|--------------|
| | General Fund | Nonmajor Governmental | Enterprise Funds | |
| General fund | \$ - | \$ 923,939 | \$ 384,740 | \$ 1,308,679 |
| Redevelopment agency | 228,242 | - | - | 228,242 |
| Nonmajor governmental | 118,563 | 4,200 | - | 122,763 |
| Water and sewer | 725,685 | - | - | 725,685 |
| Electric | 2,845,513 | - | - | 2,845,513 |
| Environmental health | 773,982 | - | - | 773,982 |
| Sewer treatment | 269,463 | - | - | 269,463 |
| Total | \$ 4,961,448 | \$ 928,139 | \$ 384,740 | \$ 6,274,327 |

The City routinely budgets transfers to various funds to finance operating costs in those funds. In addition, the City routinely transfers amounts from the enterprise funds to the general fund as a return on investment for those operations. The RDA transferred proceeds from a sale of land to which the agency was not entitled.

Note 7 - Intangible Assets

The electric fund purchased from the following municipalities a portion of their allocated power rights in the Hunter II Electric Generating Plant:

CITY OF LOGAN
NOTES TO THE FINANCIAL STATEMENTS

| Acquired From: | Purchase Price | Kilowatts |
|--------------------------------|-----------------------|------------------|
| Beaver City | \$ 147,351 | 1,000 |
| Monroe City | 58,280 | 400 |
| Kanosh City | 27,909 | 153 |
| Heber City | 100,000 | 1,000 |
| Total | 333,540 | 2,553 |
| Less: accumulated amortization | (266,832) | |
| Net intangible assets | <u>\$ 66,708</u> | |

The power rights are amortized over a 30-year period beginning with the 1982-83 fiscal year, which corresponds to the length of the \$77,028,268 Utah Associated Power Systems Hunter Project Revenue Bonds.

Note 8 - Leases

Operating Leases

The City police department leases four motorcycles under a noncancelable operating lease. Fiscal year 2007 is the final year of this lease. The annual lease payments are \$7,680.

Capital Leases

The City has entered into lease agreements as lessee for financing the acquisition of various vehicles and land. The terms of these leases range from three to seven years with interest rates from 3.30 to 4.30 percent. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the date of inception.

The assets acquired through capital leases are as follows:

| Asset | Governmental Activities | Business-Type Activities |
|--------------------------------|--------------------------------|---------------------------------|
| Land | \$ 82,991 | \$ - |
| Equipment | 1,318,863 | 673,573 |
| Less: accumulated depreciation | (393,378) | (154,551) |
| Total | <u>\$ 1,008,476</u> | <u>\$ 519,022</u> |

The future minimum lease obligations as of June 30, 2005 are as follows:

| Year Ended June 30 | Governmental Activities | Business-type Activities |
|---|--------------------------------|---------------------------------|
| 2007 | \$ 512,719 | \$ 192,924 |
| 2008 | 430,388 | 192,925 |
| 2009 | 125,212 | 141,073 |
| 2010 | 94,386 | - |
| 2011 | 59,656 | - |
| 2012-2016 | - | - |
| Total minimum lease payments | 1,222,361 | 526,922 |
| Less: amounts representing interest | (83,986) | (37,180) |
| Present value of minimum lease payments | <u>\$ 1,138,375</u> | <u>\$ 489,742</u> |

CITY OF LOGAN
NOTES TO THE FINANCIAL STATEMENTS

Note 9 - Long-Term Debt

Changes in long-term liabilities

Long-term liability activity for fiscal year ended June 30, 2006, is as follows:

| | Beginning Balance as restated Note 20 | Additions | Reductions | Ending Balance | Due Within One Year |
|---|--|---------------------|-----------------------|---------------------------|--------------------------------|
| Governmental activities: | | | | | |
| Bonds payable: | | | | | |
| General obligation bonds | \$ 6,555,000 | \$ 6,820,000 | \$ (6,555,000) | \$ 6,820,000 | \$ 390,000 |
| Revenue bonds | 13,832,000 | - | (954,000) | 12,878,000 | 992,000 |
| Plus deferred amounts: | | | | | |
| Deferred loss | - | (406,526) | 36,957 | (369,569) | - |
| Premium | 78,467 | 259,265 | (30,248) | 307,484 | - |
| Total bonds payable | 20,465,467 | 6,672,739 | (7,502,291) | 19,635,915 | 1,382,000 |
| Notes payable | 937,074 | 193,000 | (457,709) | 672,365 | 86,754 |
| Capital leases | 1,640,716 | - | (502,341) | 1,138,375 | 471,670 |
| Compensated absences | 1,139,091 | 906,091 | (864,447) | 1,180,735 | 1,180,735 |
| Governmental activity long-term liabilities | <u>24,182,348</u> | <u>7,771,830</u> | <u>(9,326,788)</u> | <u>22,627,390</u> | <u>3,121,159</u> |
| Business-type activities: | | | | | |
| Bonds payable: | | | | | |
| Revenue bonds | 24,826,000 | 2,714,000 | (2,798,000) | 24,742,000 | 2,860,000 |
| Total bonds payable | 24,826,000 | 2,714,000 | (2,798,000) | 24,742,000 | 2,860,000 |
| Notes payable | - | 551,000 | - | 551,000 | 551,000 |
| Capital leases | 472,371 | 141,202 | (123,831) | 489,742 | 173,628 |
| Compensated absences | 493,848 | 438,773 | (380,979) | 551,642 | 551,642 |
| Business-type activity long-term liabilities | <u>\$ 25,792,219</u> | <u>\$ 3,844,975</u> | <u>\$ (3,302,810)</u> | <u>\$26,334,384</u> | <u>\$ 4,136,270</u> |

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the City.

In August 2005, the City issued \$6,820,000 in General Obligation Refunding Bonds. Proceeds from the bonds were used to refund all of the outstanding 1999 General Obligation bonds. The bonds bear interest rates of 3.75 to 5.00 percent. The refunding will save the City \$250,456 of debt service expense over the life of the bonds, and will result in an economic gain of \$223,040. The refunded 1999 Parks and Recreation General Obligation Bonds were issued for the construction of parks, trails, a skate park, and an outdoor swimming pool facility, which are related to governmental activities. Refunded 1999 bonds in the amount of \$6,220,000 were outstanding as of June 30, 2006.

Annual debt service requirements to maturity for the general obligation bonds are as follows:

CITY OF LOGAN
NOTES TO THE FINANCIAL STATEMENTS

| Year Ended June 30 | Governmental Activities | |
|-----------------------|-------------------------|---------------------|
| | Principal | Interest |
| 2007 | \$ 390,000 | \$ 286,460 |
| 2008 | 375,000 | 271,160 |
| 2009 | 385,000 | 255,960 |
| 2010 | 400,000 | 239,260 |
| 2011 | 425,000 | 219,635 |
| 2012-2016 | 2,455,000 | 765,050 |
| 2017-2021 | 2,390,000 | 187,332 |
| Total | <u>\$ 6,820,000</u> | <u>\$ 2,224,857</u> |

Revenue Bonds

The City issues revenue bonds to finance the purchase of major capital items and the acquisition or construction of major capital facilities.

In September 2004, the City authorized the issuance of \$5,000,000 in Water Revenue Bonds. The bonds were deemed federally taxable. The bonds were purchased by the State Drinking Water Board and funds were to be delivered to the City through a process of advances into a trustee account as expenses were incurred. The State Drinking Water Board also agreed to forgive eight percent of the incremental bond issuance or \$400,000 of debt, for a net debt of \$4,600,000. At June 30, 2005, the Board had advanced to the City a total of \$2,400,000 of which, \$2,208,000 was recorded as a liability. During fiscal year 2006, the City qualified for and requested reimbursement for the remaining \$2,600,000, of which \$2,392,000 was recorded as a liability with an offset to accounts receivable. Proceeds from the bonds were used to finance a portion of the costs of design, acquisition, and construction of a water storage tank, water mains, and other improvements. The bonds bear an interest rate of 2.57 percent.

In April 2004, the City issued \$9,715,000 in Sales Tax Revenue Refunding Bonds. The bonds bear interest rates of 1.80 to 3.90 percent. The bonds were issued to advance refund three previously issued Municipal Building Authority bonds. Refunded 1998 MBA bonds in the amount of \$5,520,000 will be redeemed on or before October 1, 2008.

Revenue bonds outstanding as of June 30, 2006 are as follows:

| Purpose | Interest Rates | Amount |
|--------------------------------|----------------|----------------------|
| Justice Bldg, Mt Logan Park | 1.80% - 3.90% | \$ 8,505,000 |
| PCIB Bonds | 4.50% | 453,000 |
| 2003B-C RDA Sales Tax Bonds | 1.58% - 4.00% | 3,920,000 |
| 1998 Water & Sewer | 3.70% - 4.65% | 4,560,000 |
| 2002 Sewer Treatment | 3.10% | 655,000 |
| 2002 Sewer Treatment | 3.00% - 4.80% | 7,145,000 |
| 2004 Water & Sewer | 2.57% | 4,499,000 |
| 2005A Water & Sewer | 4.50% | 833,000 |
| 2004 Electric Revenue | 3.00% - 3.50% | 5,310,000 |
| 2003 Golf Course Revenue Bonds | 2.50% - 3.50% | 1,740,000 |
| Total | | <u>\$ 37,620,000</u> |

Revenue bond debt service requirements to maturity are as follows:

CITY OF LOGAN
NOTES TO THE FINANCIAL STATEMENTS

| Year Ended June 30 | Governmental Activities | | Business-type Activities | |
|-----------------------|-------------------------|---------------------|--------------------------|---------------------|
| | Principal | Interest | Principal | Interest |
| 2007 | \$ 992,000 | \$ 440,903 | \$ 2,860,000 | \$ 901,506 |
| 2008 | 1,004,000 | 413,613 | 2,267,000 | 817,387 |
| 2009 | 1,042,000 | 384,813 | 2,289,000 | 738,362 |
| 2010 | 1,079,000 | 352,173 | 2,341,000 | 653,947 |
| 2011 | 1,122,000 | 318,093 | 2,384,000 | 566,869 |
| 2012-2016 | 5,949,000 | 984,849 | 6,552,000 | 1,839,853 |
| 2017-2021 | 1,690,000 | 82,010 | 4,681,000 | 689,330 |
| 2022-2026 | - | - | 1,368,000 | 89,000 |
| Total | <u>\$ 12,878,000</u> | <u>\$ 2,976,454</u> | <u>\$ 24,742,000</u> | <u>\$ 6,296,254</u> |

Notes Payable

Notes payable have been issued for the purchase of land and buildings in the governmental activities and for capital improvements in the business-type activities.

In August 2005, the City issued \$345,000 in Subordinated Water, Sewer, and Solid Waste Revenue Bond Anticipation Notes. Proceeds from the note were used to improve the City's existing water system. The note bears interest of 1.43 percent. The note matures on February 1, 2007.

In November 2005, the City obtained a note for \$193,000. This note is accounted for in the special improvement fund. The note will reimburse the City for costs incurred for sidewalk and lighting improvements in the business improvement district. The note will be repaid from assessments on individual property owners. The note bears interest of 5.35 percent and is for a term of 15 years.

In January 2006, the City obtained a Water Quality loan for \$206,000. The loan is from the State of Utah, Department of Environmental Quality. The loan was obtained to perform system improvements to the City's collection system. The loan does not bear any interest. It is expected the loan will be repaid in fiscal year 2007.

The interest rates of all notes and their balances are as follows:

| Purpose | Interest Rates | Amount |
|-------------------------------|----------------|---------------------|
| State Water Quality Loan | 0.00% | \$ 206,000 |
| Water Bond Anticipation Notes | 1.43% | 345,000 |
| Downtown BID | 5.35% | 179,205 |
| Thomas Budge | 8.00% | 269,910 |
| Zann Horlacher | 10.50% | 95,778 |
| Cache Title Building | 4.00% | 127,472 |
| Total | | <u>\$ 1,223,365</u> |

The notes payable debt service requirements to maturity are as follows:

CITY OF LOGAN
NOTES TO THE FINANCIAL STATEMENTS

| Year ended June 30 | Governmental Activities | | Business-type Activities | |
|-----------------------|-------------------------|-------------------|--------------------------|-----------------|
| | Principal | Interest | Principal | Interest |
| 2007 | \$ 86,754 | \$ 45,651 | \$ 551,000 | \$ 4,934 |
| 2008 | 166,449 | 39,568 | - | - |
| 2009 | 70,842 | 30,063 | - | - |
| 2010 | 76,784 | 24,120 | - | - |
| 2011 | 137,306 | 17,659 | - | - |
| 2012-2016 | 70,791 | 27,917 | - | - |
| 2017-2021 | 63,439 | 8,504 | - | - |
| Total | <u>\$ 672,365</u> | <u>\$ 193,482</u> | <u>\$ 551,000</u> | <u>\$ 4,934</u> |

Note 10 - Restricted Assets

According to bond requirements, the City often uses a trustee to make periodic bond payments. The balances held by the trustee at year end are restricted for bond payments.

Note 11 - Risk Management

The City is exposed to various risks of loss related to torts, theft, damage and destruction of assets, errors and omissions, injuries to employees, and natural disasters. Accordingly, the City participates in the Utah Local Governments Insurance Trust, a public entity risk pool. Insurance coverage maintained by the City for the fiscal year ended June 30, 2006, is as follows:

| Description | Deductible | Limit |
|----------------------------|------------|---------------|
| Buildings | \$ 1,000 | \$ 89,772,000 |
| Building contents | 1,000 | 10,837,000 |
| Contractors equipment | 1,000 | 3,764,000 |
| Mobile equipment | 1,000 | 531,000 |
| Outdoor equipment | 1,000 | 923,000 |
| General and auto liability | 10,000 | 2,000,000 |
| Auto property damage | 10,000 | 4,470,000 |
| Finance Director bond | 1,000 | 10,000 |
| Electronic data processing | 1,000 | 660,000 |
| Treasurer bond | 1,000 | 1,700,000 |
| Fine arts | 1,000 | 1,200,000 |

As of June 30, 2006 there were no unpaid claims. The City has not incurred claims settlements in excess of insurance coverage for the past three years.

Note 12 - Subsequent Events

In August 2006, the City issued \$3,290,000 in Excise Tax Revenue Bonds. Proceeds from the bonds will be used for construction of roads and road improvements. The bonds bear interest rates of 4.26 percent.

In September 2006, the City of Logan acquired a new fire engine through capital lease financing. The lease is for \$485,000, at 4.55 percent interest, with annual lease payments of \$73,681 for a term of eight years.

CITY OF LOGAN
NOTES TO THE FINANCIAL STATEMENTS

In October 2006, the City Council voted in favor of joining the Cache Valley Transit District. If this action is ratified by the Transit District Board and the participating cities, the Logan Transit District (a nonmajor governmental fund of the City of Logan) will be dissolved and Cache Valley Transit District will begin operations in Logan.

In October 2006, the City Council authorized the issuance of \$6,100,000 in water, sewer, and solid waste refunding bonds. The refunding is anticipated to save the water and sewer fund three percent. The transaction was in process at the time of this report, therefore, further details are not available.

Note 13 - Commitments and Contingencies

Legal Claims

During the period of July 1, 2005 through June 30, 2006, 91 claims alleging liability for damages were filed with the City of Logan. The claims covered a wide spectrum of potential liability. It appears that the insurance coverage provided by Utah Local Governments Trust is sufficient for all claims now pending, with the exception of the COP Construction case, which is described below as one of two notable cases: (1) The Brian Andrade vs. City of Logan case involves an incident where a young boy was riding his bike in a driveway. The boy moved into the roadway and between the tires on a garbage truck and was injured. The City has been notified that Brian, through his parents, has retained representation in this matter. At this time, it is too early to determine possible damages and liability in this case. The City's insurance coverage limit is \$2,000,000; and, (2) the COP Construction Co. vs. City of Logan case involves a dispute over compensation for work performed but not completed by COP Construction. COP was awarded a bid, but did not complete the work. Subsequently, the City hired another company to complete the work and paid COP for the work completed. COP is contesting the amount paid to them by the City. COP is asking for no less than \$800,000 in damages plus further relief as the court deems just and proper. It is possible that the City may be required to pay some lesser amount on this matter; however, this amount is not estimable at this time.

Construction Commitments

The City has one significant construction project as of June 30, 2006. At fiscal year end the City's commitments with contractors are as follows:

| <u>Project</u> | <u>Spent-to-date</u> | <u>Remaining Commitment</u> |
|--------------------------------|-----------------------------|--|
| 5.65 Million Gallon Water Tank | \$ 5,935,039 | \$ 502,508 |

Redevelopment Projects

The City has established six redevelopment projects and one economic development project. Certain projects have received interfund loans from other governmental funds and enterprise funds to make various improvements within the project areas. Interfund loans are to be repaid from property tax increment. The City funds which made loans to the redevelopment projects bear the risk that future tax increment may not be sufficient to repay the loans. At June 30, 2006, the redevelopment projects have interfund loans payable of \$890,616 to other City funds.

State statutes applicable to three redevelopment projects require 20 percent of the tax increment generated within the project to be restricted for low-income housing. The Logan 600 West Economic Development project requires 20 percent of the increment to be restricted annually. As of June 30, 2006, the 600 West Economic Development project has collected \$239,474 of tax increment, 20 percent of which is \$47,895, which was reported as restricted net assets within the redevelopment fund. The Logan North Main project and the Logan North Retail project have housing allocations that are back-loaded; that is, the increment is not required to be restricted until the last five years of the project. As of June 30, 2006, the Logan North Main project has collected \$224,220 of tax increment, 20 percent of which is \$44,844. The Logan North Retail project has collected \$846,110, 20 percent of which is \$169,222. The final year of operation for Logan North Main and the Logan North Retail project is 2016 and 2017, respectively.

CITY OF LOGAN
NOTES TO THE FINANCIAL STATEMENTS

Tax Increment Rebates

The City has entered into several incentive agreements with developers or businesses to pay tax rebate incentives for development within City limits. Rebate requirements vary by agreement and are contingent upon sufficient tax increment actually being received by the City. Tax increment rebates outstanding as of June 30, 2006 are as follows:

| Description | Gross Commitment | Current Year Rebate | Rebates-to- Date |
|--------------------|-----------------------------|--------------------------------|-----------------------------|
| Agreement #1 | \$ 92,500 | \$ 19,075 | \$ 55,049 |
| Agreement #2 | 52,258 | 4,481 | 4,481 |
| Agreement #3 | 378,948 | - | 100,000 |
| Agreement #4 | 917,287 | 83,390 | 250,170 |
| Agreement #5 | n/a | 199,968 | 411,946 |
| Agreement #6 | 1,500,000 | 120,076 | 196,333 |
| Agreement #7 | 66,600 | - | - |
| Agreement #8 | 140,000 | 16,209 | 16,391 |
| Agreement #9 | 687,500 | 74,429 | 74,429 |
| Agreement #10 | 220,000 | - | - |
| Agreement #11 | 225,000 | - | - |
| Agreement #12 | 4,800,000 | - | - |

Agreement number five is a property tax increment rebate agreement with no maximum amount. The City is to remit 95 percent of the tax increment received. The agreement is in effect through fiscal year 2012.

Note 14 - Employee Retirement Systems and Pension Plans

Cost-sharing multiple-employer defined benefit public employee pension plan

The City contributes to a Local Governmental Contributory Retirement System, Local Governmental Noncontributory Retirement System, Public Safety Retirement System, and a Firefighter's Retirement System, all of which are defined benefit pension plans that provide retirement benefits, annual cost of living adjustments, refund, and death benefits to plan members and beneficiaries in accordance with retirement statutes. The Public Safety Contributory is an agent multiple-employer and the other plans are cost sharing multiple-employer pension plans administered by the Utah Retirement Systems (Systems).

The Utah State Retirement Act in Chapter 49 provides for the administration of the Utah Retirement Systems and Plans under the direction of the Utah State Retirement Board (Board) whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the City of Logan Retirement System. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, Utah 84102 or by calling 1-800-365-8772.

Plan members in the Local Governmental Contributory division are required to contribute 6.00 percent of their salary (all of which was paid by the employer for the employee) and the City is required to contribute 7.08 percent of their annual salary. For the members in the Local Governmental Noncontributory division, the City is required to contribute 11.09 percent of their annual salary. Members in the Public Safety Contributory division are required to contribute 11.13 percent of their salary (all of which was paid by the employer for the employee) and the City is required to pay 10.54 percent of their annual salary. For the members in the Public Safety Noncontributory division, the City is required to contribute 21.25 percent of their annual salary. Members in the Firefighters System division are required to pay 7.83 percent of their salary (all of which was paid by the employer for the employee). The

CITY OF LOGAN
NOTES TO THE FINANCIAL STATEMENTS

contribution rates are the actuarially determined rates. The contribution requirements of the system are authorized by statute and specified by the Board. All contributions were made in accordance with the plan.

The City's Public Safety Contributory systems annual pension cost of \$430,682 was equal to the City's required and actual contributions. The required contribution was determined as part of the January 1, 2005 actuarial valuation using entry age actuarial cost method. The actuarial assumptions include (1) 8.0 percent investment rate of return (net of administrative expenses), (2) projected salary increases of 4.0 percent, and (3) 2.5 percent cost of living adjustment. Both (1) and (2) above include an inflation component of 3.0 percent. The actuarial value of the City's retirement systems assets was determined using techniques that smooth the effects of short-term volatility in the fair value of investments over a five-year period. The City's unfunded actuarial accrued liability is being amortized over 20 years. Amortized payments are designed to remain level as a percent of payroll.

Local Governmental System – Contributory

| | 2006 | 2005 | 2004 |
|--|-------------|-------------|-------------|
| Salary subject to retirement contributions | \$ 95,685 | \$ 112,598 | \$ 154,204 |
| Employee contributions | n/a | n/a | n/a |
| Employer for employee contributions | 5,741 | 6,756 | 9,252 |
| Employer contributions | 6,774 | 7,972 | 8,651 |

Local Governmental System – Noncontributory

| | 2006 | 2005 | 2004 |
|--|---------------|---------------|---------------|
| Salary subject to retirement contributions | \$ 12,093,762 | \$ 11,346,916 | \$ 11,161,869 |
| Employer contributions | 1,341,198 | 1,258,374 | 1,073,773 |

Public Safety – Contributory

| | 2006 | 2005 | 2004 |
|--|--------------|--------------|--------------|
| Salary subject to retirement contributions | \$ 1,973,859 | \$ 2,125,978 | \$ 2,207,500 |
| Employee contributions | n/a | n/a | n/a |
| Employer for employee contributions | 219,691 | 236,621 | 245,695 |
| Employer contributions | 208,044 | 213,236 | 131,787 |

Public Safety - Noncontributory

| | 2006 | 2005 | 2004 |
|--|-------------|-------------|-------------|
| Salary subject to retirement contributions | \$ 421,555 | \$ 234,751 | \$ 187,176 |
| Employer contributions | 89,581 | 48,758 | 32,007 |

Utah Firefighters' Retirement System

| | 2006 | 2005 | 2004 |
|--|--------------|--------------|--------------|
| Salary subject to retirement contributions | \$ 2,078,954 | \$ 1,974,932 | \$ 2,061,576 |
| Employee contributions | n/a | n/a | n/a |
| Employer for employee contributions | 162,782 | 154,637 | 161,421 |
| Employer contributions | - | - | - |

CITY OF LOGAN
NOTES TO THE FINANCIAL STATEMENTS

Public Safety - Contributory Three-Year Trend Information (Agent-Multiple Plan)

| Year Ending | Annual Pension Cost (APC) | Percentage of APC Contributed | Net Pension Obligation |
|--------------------|----------------------------------|--------------------------------------|-------------------------------|
| 6/30/2006 | \$ 430,682 | 100% | \$ - |
| 6/30/2005 | 449,856 | 100% | - |
| 6/30/2004 | 377,482 | 100% | - |

Schedule of Funding Progress for Logan City Public Safety

| Actuarial Valuation Date | Actuarial Value of Assets (A) | Actuarial Accrued Liability (AAL) - Entry Age (B) | Unfunded AAL (UAAL) (B-A) | Funded Ratios (A/B) | Covered Payroll (C) | UALL Covered Payroll ((B-A)/C) |
|---------------------------------|--------------------------------------|--|----------------------------------|----------------------------|----------------------------|---------------------------------------|
| 12/31/2005 | \$ 15,432,000 | \$ 17,366,000 | \$ 1,934,000 | 89% | \$ 2,308,000 | 84% |
| 1/1/2005 | 14,510,000 | 16,234,000 | 1,724,000 | 89% | 2,467,000 | 70% |
| 1/1/2004 | 13,826,000 | 14,599,000 | 773,000 | 95% | 2,372,000 | 33% |

Defined Contribution Retirement Plan

The City also participates in defined contribution plans (401(k) and 457) sponsored and administered by the Utah Retirement Systems. The plans are available as supplemental plans to the basic defined benefit plans and cover all employees eligible for the defined benefit plans. Voluntary contribution may be made into the plans subject to plan and Internal Revenue Code limitations. The City also contributes to the plans. All of the assets and income of the plans are held in trust for the exclusive benefit of the participants or their beneficiaries. Contributions to the plans were as follows:

401(k) Contributions

| | 2006 | 2005 | 2004 |
|-------------------------------------|-------------|-------------|-------------|
| Employee contributions | \$ 681,811 | \$ 635,656 | \$ 637,327 |
| Employer for employee contributions | 394,012 | 409,942 | 366,402 |

457 Contributions

| | 2006 | 2005 | 2004 |
|-------------------------------------|-------------|-------------|-------------|
| Employee contributions | \$ 125,438 | \$ 112,942 | \$ 79,885 |
| Employer for employee contributions | 24,622 | 24,345 | 13,245 |

The City also offers a defined contribution retirement pension plan that covers the appointed City officials that are permitted by state law to withdraw from the Utah State Retirement System. Contributions to the plan are based on the same rates of contributions that were being paid to the Utah State Retirement System defined benefit plans (11.09 percent for public employee's retirement, 21.25 percent police officer's retirement, and 7.83 percent firefighter's retirement). For fiscal year 2006, the employer contributions were \$79,354.

Note 15 - Economic Dependency

Utah State University is a significant customer of the City's enterprise funds. During fiscal year 2006, sales to Utah State University totaled \$3,632,694. At June 30, 2006, the receivable from Utah State University for power, water and sewer is \$342,366.

CITY OF LOGAN
NOTES TO THE FINANCIAL STATEMENTS

Note 16 - Environmental Health Landfill Closure and Postclosure Costs

The City owns and operates a landfill that manages solid waste for the entire county. State and federal laws require the City to close the landfill when it reaches capacity and to monitor and maintain the site for thirty subsequent years. The City recognizes a portion of these costs in each operating period even though actual payouts will not occur until the landfill is closed. The amount recognized each year is based on the percent landfill capacity used as of the balance sheet date. There are several methodologies used to close a landfill, which result in varying costs and landfill capacities. The following cost estimates are based on the current methodology, which includes a dome-shaped landfill cap.

As of June 30, 2006, the City had incurred a liability of \$3,672,826 which represents the cost reported to date based on a 48.4 percent estimate of the landfill capacity used. Closure and postclosure costs were estimated to be \$7,588,484 in a 2005 engineering study. The remaining estimated liability is \$3,915,658, which will be recognized as the remaining capacity is used (estimated closing date is 2023). The estimated cost of closure and postclosure care is subject to change.

According to state and federal law, the City is required to establish a trust fund with an independent third party to accumulate assets needed for the payout of closure costs. Currently, assets reported as restricted assets totaling \$1,444,113 are held for this purpose.

Annually, the City files a financial assurance report for closure and post-closure costs with the Utah Department of Environmental Quality. The Department of Environmental Quality subsequently analyzes the sufficiency of reserve funds to meet future costs.

Note 17 - Redevelopment Agency

In accordance with the Utah State Code, all municipalities having established Redevelopment Agencies are required to disclose certain revenues and expenditures associated with the various project areas. The revenues and expenditures associated with the City's redevelopment areas are as follows:

| Logan Downtown RDA | | |
|---------------------------|----|--------|
| Revenues: | | |
| Tax increment collected | \$ | - |
| Expenditures: | | |
| Acquisition of property | | - |
| Site improvements | | - |
| Installation of utilities | | - |
| Administrative costs | | 28,098 |
| Tax increment rebate | | - |
| Debt: | | |
| City of Logan | | - |

CITY OF LOGAN
NOTES TO THE FINANCIAL STATEMENTS

| Logan River RDA | | |
|---------------------------|----|-----------|
| Revenues: | | |
| Tax increment collected | \$ | 618,665 |
| Expenditures: | | |
| Acquisition of property | | - |
| Site improvements | | - |
| Installation of utilities | | - |
| Administrative costs | | 74,932 |
| Tax increment rebate | | - |
| Debt: | | |
| Revenue bonds | | 3,920,000 |

| Logan South Main RDA | | |
|-----------------------------|----|---------|
| Revenues: | | |
| Tax increment collected | \$ | 218,514 |
| Expenditures: | | |
| Acquisition of property | | - |
| Site improvements | | - |
| Installation of utilities | | - |
| Administrative costs | | 18,031 |
| Tax increment rebate | | 23,556 |
| Debt: | | |
| City of Logan | | 262,400 |

| Logan Northwest RDA | | |
|----------------------------|----|---------|
| Revenues: | | |
| Tax increment collected | \$ | 128,585 |
| Expenditures: | | |
| Acquisition of property | | - |
| Site improvements | | - |
| Installation of utilities | | - |
| Administrative costs | | 8,726 |
| Tax increment rebate | | - |
| Debt: | | |
| City of Logan | | 186,472 |
| Leases payable | | 134,497 |

CITY OF LOGAN
NOTES TO THE FINANCIAL STATEMENTS

| Logan North Main RDA | | |
|-----------------------------|----|---------|
| Revenues: | | |
| Tax increment collected | \$ | 78,033 |
| Expenditures: | | |
| Acquisition of property | | - |
| Site improvements | | - |
| Installation of utilities | | - |
| Administrative costs | | 4,940 |
| Tax increment rebate | | 16,209 |
| Debt: | | |
| City of Logan | | 243,300 |
| Leases payable | | 242,996 |

| Logan North Retail RDA | | |
|-------------------------------|----|---------|
| Revenues: | | |
| Tax increment collected | \$ | 317,619 |
| Expenditures: | | |
| Acquisition of property | | - |
| Site improvements | | - |
| Installation of utilities | | - |
| Administrative costs | | 22,946 |
| Tax increment rebate | | 403,434 |
| Debt: | | |
| City of Logan | | 39,844 |

| Logan 600 West Economic Development Area | | |
|---|----|---------|
| Revenues: | | |
| Tax increment collected | \$ | 239,474 |
| Expenditures: | | |
| Acquisition of property | | - |
| Site improvements | | 115,518 |
| Installation of utilities | | - |
| Administrative costs | | 15,320 |
| Tax increment rebate | | 74,429 |
| Debt: | | |
| City of Logan | | 158,600 |

| Property Valuations | Base Taxable Value | Current |
|----------------------------|---------------------------|----------------|
| Logan Downtown | n/a | n/a |
| Logan River | \$ 3,750,960 | \$ 76,248,811 |
| Logan South Main | 5,666,106 | 29,172,690 |
| Logan Northwest | 11,137,394 | 25,069,484 |
| Logan North Main | 738,619 | 7,452,557 |
| Logan North Retail | 28,844,532 | 56,177,887 |
| Logan 600 West EDA | 20,201,173 | 43,377,024 |

The Logan Downtown RDA has not starting collecting increment.

CITY OF LOGAN
NOTES TO THE FINANCIAL STATEMENTS

Note 18 - Investments in Power Projects and Related Contracts

Colorado River Storage Project (CRSP)

The Colorado River Storage Project is managed by Western Area Power Authority, which is a division of the Department of Energy. Logan City is a preference customer of CRSP and has an allocation and a right to use a proportionate share of the hydro-electric power generated from the project. The City has the right to 22 MW of winter and 17 MW of summer capacity, when the project is producing the rated amount of electricity generation. The generation is primarily based on water flow.

Intermountain Power Association (IPA)

The City has entered into a power sales contract that expires in June 2027, to purchase approximately 2.469 percent of the output of the Intermountain Power Project Units 1 & 2. The City has invoked the 18 month recall provision to recall 0.75 percent of its 2.469 percent ownership. The City has the ability to put-back up to the 0.75 percent upon six months notice. The City has the right to recall up to 100 percent of its entitlement upon meeting certain notice provisions. As long as any of the Intermountain Power Agency Bonds are outstanding, the contract cannot be terminated or amended in a manner that will impair or adversely affect the rights of any of the bondholders.

The City is participating in study costs of the IPP Unit 3 project. The City paid the Tier 1 study cost in this project. The City Council approved participation in the Tier 2 study costs. Total Tier 1 and Tier 2 study costs are approximated to be \$4,500,000. The City has a 2.2 percent interest (20 MW / 900 MW) in the project and fees. The Tier 2 costs include Tier 1 reimbursement of approximately \$3,900,000. If the project is approved to be constructed, the City will have the option of participating at the interest level noted above.

Utah Associated Municipal Power Systems (UAMPS)

UAMPS is a governmental agency that provides comprehensive wholesale electric services, on a nonprofit basis, to municipalities throughout the Intermountain West. The City is obligated to UAMPS through power service contracts for the consequences of "take-or-pay" contracts with UAMPS customers. UAMPS service charges to the City include the City's proportionate obligation for the following items:

UAMPS Hunter II Project

In June 1982, the City entered into a power sales contract with UAMPS that expires on the later of (1) the date the principal of, premium, if any, and interest on all of the UAMPS Hunter Project Revenue and Refunding Bonds have been paid, or (2) the final shut down date of the Hunter Steam Electric Generating Unit No. 2 (Hunter II), or (3) June 1, 2032. The contract entitles the City to approximately 2.95 percent of the output of the project. As a participant in the project, the City is obligated for 20.0156 percent of the debt service on approximately \$32,532,393 in revenue bonds outstanding at June 30, 2006.

UAMPS Craig-Mona Transmission Project

In January 1989, the City entered into a transmission service contract with UAMPS that expires on the later of (1) the date the principal of, premium, if any, and interest on all of the UAMPS Craig-Mona Transmission Project Refunding and Revenue Bonds have been paid, or (2) UAMPS shall no longer have any rights with respect to the project under the applicable participation agreements, or (3) November 6, 2030. The contract entitles the City to approximately 1.22 percent of the transmission capability of the Craig to Bonanza 345 KV transmission line and approximately 4.4 MW of transmission capability of the Bonanza Mona 345 KV transmission line and associated facilities. As a participant in the UAMPS Craig-Mona Project, the City is obligated for 15.845 percent of the debt service on approximately \$3,765,000 in revenue bonds outstanding as of June, 30, 2006.

UAMPS San Juan Project

In July 1993, the City entered into a power sales contract with UAMPS that expires on the later of (1) the date the principal of, premium, if any, and interest on all of the UAMPS San Juan Project Revenue Bonds have been paid, or (2) the date of the final payment of all obligations under the Project Agreements, or (3) November 6, 2030. The

CITY OF LOGAN
NOTES TO THE FINANCIAL STATEMENTS

contract entitled the City to approximately 0.6 percent of the output of Unit 4 of the San Juan Generating Station. During fiscal year 2006, the City Council approved the assignment of City's interest and obligations in this project to Lehi City.

UAMPS Payson (Nebo) Project

In March 2003, the City entered into a power sales contract with UAMPS that expires on the later of (1) the date the principal of, premium, if any, and interest on all of the UAMPS Payson Revenue Bonds have been paid, or (2) the date of the final payment of all obligations under the Project Agreements, or (3) April 1, 2026. The contract entitles the City to approximately 9.0361 percent of the scheduled output of the Payson Generating Station. As a participant in the UAMPS Payson Project, the City is obligated for 9.5574 percent of the debt service on approximately \$97,970,000 in Revenue Bonds outstanding at June 30, 2006.

UAMPS Pleasant Valley PPM Energy Wind Project

In January 2004, the City entered into a power sales contract with UAMPS that expires in January 2029. The City agreed to purchase two MW of power at a fixed rate of \$48.11 per MWH. The City agreed to purchase the power on a percentage-of-availability basis as it is generated.

All-In Cost Pool

UAMPS Pool Project Participants formed the "All-In" Pool in a desire to more cooperatively and efficiently manage member load and resource situations. The pool provides an environment that encourages participants to jointly acquire resources as needed, thus taking advantage of economies of scale. Each of the participants in pool has agreed to sell their excess to and purchase additional power needs from the pool at cost. Any additional power needs for the group may be purchased in one large block at market prices. In addition, any excess power to be sold may be sold in a similar manner.

CO2 Credits

During the year, the electric fund sold CO2 credits through UAMPS for approximately \$1,264,000, which was accounted for as miscellaneous revenue. This sale is neither unusual in nature nor infrequent in occurrence.

Note 19 - Industrial Revenue Bonds

The City authorized the issuance of Industrial Revenue Bonds to Sunshine Terrace, a health care facility. Sunshine Terrace is responsible for all bond payments and neither the City nor its resources are liable for repayment. On December 12, 1996, \$3,825,000 in City of Logan, Cache County, Utah Assisted Living Mortgage Revenue Bonds, Series 1996 were issued. The bonds are scheduled to mature on December 1, 2016.

On June 1, 1999, the City authorized the issuance of Industrial Revenue Bonds, which have been assumed by Young Electric Sign Company (Yesco). Yesco is responsible for all bond payments and neither the City nor its resources are liable for repayment. On June 3, 1999, \$3,385,000 Logan City, Cache County, Utah Variable Rate Demand/Fixed Rate Tax-Exempt Revenue Bonds, Series 1999A were issued. Principal payments are scheduled to begin in 2006.

On May 1, 2001, the City authorized the issuance of Industrial Revenue Bonds to TEK Tool and Plastics, Inc. in the amount of \$5,000,000. TEK Tools is responsible for all bond payments and neither the City nor its resources are liable for repayment.

On December 17, 2001, the City authorized the issuance of Industrial Revenue Bonds to Scientific Technology Incorporated in the amount of \$2,100,000. In July 2006, the City council approved the transfer of liability from Scientific Technology Incorporated to Ardenwood LLC. Ardenwood LLC is responsible for all bond payments and neither the City nor its resources are liable for repayment.

CITY OF LOGAN
NOTES TO THE FINANCIAL STATEMENTS

Note 20 - Prior Period Adjustment

During the current fiscal year, the City reevaluated its treatment of tax increment rebate agreements granted as incentive within redevelopment project areas of the City. During previous fiscal years, it was the City's practice to record long-term liabilities for the agreements outstanding. However, as the City reevaluated these agreements, it was determined that these incentive agreements are commitments payable when future tax increment is received. Therefore, \$3,255,900 in outstanding tax increment rebates was removed from long-term liabilities and net assets was adjusted accordingly. Future rebates will be recorded as expenditures/expenses in the period incurred, and outstanding commitments will be disclosed in the notes to the financial statements.

The adjustment discussed above results in the following restatement of net assets:

| Statement of Net Assets | As Previously Reported | As Restated |
|---|-----------------------------------|--------------------|
| Total assets | \$ 70,560,778 | \$ 70,560,778 |
| Total current liabilities | 10,565,384 | 10,565,384 |
| Noncurrent liabilities: | | |
| Notes payable | 3,621,587 | 365,687 |
| Leases payable | 1,138,377 | 1,138,377 |
| Bonds payable | 19,176,467 | 19,176,467 |
| Total noncurrent liabilities | 23,936,431 | 20,680,531 |
| Total liabilities | 34,501,815 | 31,245,915 |
| Net Assets | | |
| Invested in capital assets, net of related debt | 30,571,164 | 33,827,064 |
| Restricted | 3,407,503 | 3,407,503 |
| Unrestricted | 2,080,296 | 2,080,296 |
| Total net assets | \$ 36,058,963 | \$ 39,314,863 |

Required Supplementary Information

**City of Logan
General Fund
Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2006**

| | Budget | | Actual | | | |
|-----------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | Original | Final | GAAP | Encumbrances | Budgetary | Variance |
| REVENUES | | | | | | |
| Property tax | \$ 2,417,910 | \$ 2,417,910 | \$ 2,023,316 | \$ - | \$ 2,023,316 | \$ (394,594) |
| Sales tax | 7,018,525 | 7,202,540 | 7,785,306 | - | 7,785,306 | 582,766 |
| Franchise tax | 3,655,800 | 3,655,800 | 4,549,254 | - | 4,549,254 | 893,454 |
| Licenses and permits | 727,500 | 727,500 | 1,444,976 | - | 1,444,976 | 717,476 |
| Intergovernmental | 1,435,385 | 3,192,707 | 2,721,903 | - | 2,721,903 | (470,804) |
| Administrative fees | 2,955,293 | 2,961,293 | 2,961,293 | - | 2,961,293 | - |
| Charges for services | 2,298,148 | 2,388,725 | 2,613,138 | - | 2,613,138 | 224,413 |
| Fines | 744,000 | 746,650 | 949,637 | - | 949,637 | 202,987 |
| Investment earnings | - | - | 258,469 | - | 258,469 | 258,469 |
| Miscellaneous | 70,000 | 172,811 | 393,126 | - | 393,126 | 220,315 |
| Total revenues | 21,322,561 | 23,465,936 | 25,700,418 | - | 25,700,418 | 2,234,482 |
| EXPENDITURES | | | | | | |
| Current: | | | | | | |
| General government: | | | | | | |
| Municipal council | 163,299 | 173,299 | 156,719 | - | 156,719 | 16,580 |
| Mayor | 158,342 | 158,814 | 157,548 | - | 157,548 | 1,266 |
| Administrative services | 163,377 | 166,303 | 164,662 | - | 164,662 | 1,641 |
| Human resources | 261,208 | 262,750 | 244,554 | - | 244,554 | 18,196 |
| Workers compensation | 272,800 | 282,800 | 281,041 | - | 281,041 | 1,759 |
| Civil service commission | 3,150 | 4,050 | 3,881 | - | 3,881 | 169 |
| Recorder | 93,836 | 94,618 | 91,192 | - | 91,192 | 3,426 |
| City elections | 26,705 | 26,705 | 23,038 | - | 23,038 | 3,667 |
| Safety and emergency management | 95,285 | 114,650 | 111,006 | - | 111,006 | 3,644 |
| Non-departmental | 698,823 | 493,669 | 269,370 | - | 269,370 | 224,299 |
| Geographic information systems | 173,480 | 181,651 | 177,902 | - | 177,902 | 3,749 |
| Community promotion | 31,900 | 31,900 | 31,262 | - | 31,262 | 638 |
| Community service fees | 47,156 | 48,906 | 48,903 | - | 48,903 | 3 |
| Airport authority | 67,354 | 67,354 | 67,354 | - | 67,354 | - |
| Economic development | 55,793 | 56,655 | 56,655 | - | 56,655 | - |
| Community development | 458,396 | 606,235 | 408,314 | 162,924 | 571,238 | 34,997 |
| Community development block grant | - | 1,107,461 | 732,635 | - | 732,635 | 374,826 |
| Neighborhood improvement | 141,905 | 143,552 | 134,077 | - | 134,077 | 9,475 |
| Building inspection | 352,215 | 355,561 | 353,622 | - | 353,622 | 1,939 |
| City attorney | 440,587 | 446,461 | 439,507 | - | 439,507 | 6,954 |
| Public defense | 29,000 | 29,000 | 20,650 | - | 20,650 | 8,350 |
| Justice court | 452,497 | 460,343 | 460,262 | - | 460,262 | 81 |
| Director of finance | 106,178 | 142,082 | 133,846 | - | 133,846 | 8,236 |
| Accounting | 281,523 | 334,454 | 320,465 | - | 320,465 | 13,989 |
| Purchasing | 199,267 | 152,279 | 147,861 | - | 147,861 | 4,418 |
| Treasurer | 110,113 | 110,928 | 96,524 | - | 96,524 | 14,404 |
| Utility billing | 379,992 | 382,422 | 375,670 | - | 375,670 | 6,752 |
| Business licensing | 142,838 | 107,504 | 103,398 | - | 103,398 | 4,106 |
| Total general government | 5,407,019 | 6,542,406 | 5,611,918 | 162,924 | 5,774,842 | 767,564 |
| Public safety: | | | | | | |
| Police department | 4,430,749 | 4,732,309 | 4,575,190 | 120,808 | 4,695,998 | 36,311 |
| Police investigation | 87,600 | 87,600 | 85,375 | - | 85,375 | 2,225 |
| Liquor law enforcement | - | 122,041 | 77,340 | 44,701 | 122,041 | - |
| Ordinance enforcement | 65,200 | 71,200 | 67,875 | - | 67,875 | 3,325 |
| Police technology | 223,635 | 233,135 | 231,346 | - | 231,346 | 1,789 |
| UCCJJ grant | - | 58,732 | 55,799 | - | 55,799 | 2,933 |
| Police special operations | 23,900 | 35,742 | 30,476 | - | 30,476 | 5,266 |
| VIPS grant | - | 4,303 | 4,205 | - | 4,205 | 98 |
| Fire administration | 118,748 | 117,727 | 116,332 | - | 116,332 | 1,395 |
| Fire suppression | 2,036,694 | 2,052,015 | 1,490,725 | - | 1,490,725 | 561,290 |
| Fire prevention | 172,636 | 185,392 | 170,990 | - | 170,990 | 14,402 |
| Training | 108,047 | 141,827 | 119,783 | - | 119,783 | 22,044 |
| Ambulance division | 1,518,396 | 1,607,147 | 1,564,548 | - | 1,564,548 | 42,599 |
| Miscellaneous fire grants | - | 92,224 | 80,402 | - | 80,402 | 11,822 |
| Total public safety | 8,785,605 | 9,541,394 | 8,670,386 | 165,509 | 8,835,895 | 705,499 |

**City of Logan
General Fund
Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2006**

| | Budget | | Actual | | | |
|--------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | Original | Final | GAAP | Encumbrances | Budgetary | Variance |
| EXPENDITURES CONTINUED | | | | | | |
| Public works: | | | | | | |
| Public works director | 242,425 | 245,605 | 243,242 | - | 243,242 | 2,363 |
| City engineer | 705,257 | 712,916 | 694,669 | - | 694,669 | 18,247 |
| Streets and highways | 1,657,633 | 1,613,519 | 1,451,059 | 93,000 | 1,544,059 | 69,460 |
| Class C road funds | 1,300,000 | 1,537,658 | 731,400 | - | 731,400 | 806,258 |
| Street lighting | 297,000 | 297,000 | 297,000 | - | 297,000 | - |
| Government buildings | 534,904 | 535,710 | 480,867 | - | 480,867 | 54,843 |
| Eccles/Bullen facilities | 248,566 | 248,566 | 248,566 | - | 248,566 | - |
| Justice building | 237,507 | 237,507 | 217,362 | - | 217,362 | 20,145 |
| Service center | 530,976 | 531,917 | 449,735 | - | 449,735 | 82,182 |
| Shops and garage | 694,382 | 699,503 | 676,283 | - | 676,283 | 23,220 |
| Total public works | 6,448,650 | 6,659,901 | 5,490,183 | 93,000 | 5,583,183 | 1,076,718 |
| Parks and recreation: | | | | | | |
| Recreation administration | 262,146 | 370,358 | 321,595 | 27,985 | 349,580 | 20,778 |
| Parks and park areas | 898,365 | 956,637 | 836,400 | 15,904 | 852,304 | 104,333 |
| Sports and recreation | 466,427 | 581,975 | 575,385 | - | 575,385 | 6,590 |
| Aquatic center | 428,771 | 435,700 | 420,867 | - | 420,867 | 14,833 |
| Municipipool | 15,480 | 25,480 | 20,363 | - | 20,363 | 5,117 |
| Trails | 44,014 | 189,524 | 77,493 | - | 77,493 | 112,031 |
| Summerfest | 32,500 | 32,500 | 31,661 | - | 31,661 | 839 |
| Cemetery | 188,927 | 189,830 | 172,344 | - | 172,344 | 17,486 |
| Skate park | 9,650 | 15,650 | 6,721 | - | 6,721 | 8,929 |
| Fireworks program | 54,100 | 54,100 | 53,707 | - | 53,707 | 393 |
| Total parks and recreation | 2,400,380 | 2,851,754 | 2,516,536 | 43,889 | 2,560,425 | 291,329 |
| Debt service | 2,211,892 | 2,596,134 | 2,096,675 | - | 2,096,675 | 499,459 |
| Total expenditures | 25,253,546 | 28,191,589 | 24,385,698 | 465,322 | 24,851,020 | 3,340,569 |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers in | 4,624,629 | 4,961,871 | 4,961,448 | - | 4,961,448 | (423) |
| Transfers out | (1,214,664) | (1,308,679) | (1,308,679) | - | (1,308,679) | - |
| Debt issuance | 485,000 | 7,564,265 | 6,820,000 | - | 6,820,000 | (744,265) |
| Debt premium | - | - | 259,265 | - | 259,265 | 259,265 |
| Debt refinancing | - | (7,079,265) | (6,961,526) | - | (6,961,526) | 117,739 |
| Total other financing sources (uses) | 3,894,965 | 4,138,192 | 3,770,508 | - | 3,770,508 | (367,684) |
| Net change in fund balance | (36,020) | (587,461) | 5,085,228 | (465,322) | 4,619,906 | 5,207,367 |
| Fund balance, beginning | 3,863,948 | 3,863,948 | 3,863,948 | - | 3,863,948 | - |
| Fund balance, ending | \$ 3,827,928 | \$ 3,276,487 | \$ 8,949,176 | \$ (465,322) | \$ 8,483,854 | \$ 5,207,367 |

**City of Logan
Redevelopment Agency
Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2006**

| | Budget | | | |
|--------------------------------------|----------------|----------------|----------------|--------------|
| | Original | Final | Actual | Variance |
| REVENUES | | | | |
| Property tax | \$ 1,796,724 | \$ 1,796,724 | \$ 1,600,890 | \$ (195,834) |
| Investment earnings | - | - | 8,917 | 8,917 |
| Miscellaneous | - | - | 319,868 | 319,868 |
| Total revenues | 1,796,724 | 1,796,724 | 1,929,675 | 132,951 |
| EXPENDITURES | | | | |
| Current: | | | | |
| Public works | 232,800 | 322,800 | 690,619 | (367,819) |
| Debt Service: | | | | |
| Principal | 1,357,310 | 1,357,310 | 453,747 | 903,563 |
| Interest | 181,614 | 181,614 | 229,995 | (48,381) |
| Capital Outlay: | | | | |
| Public works | 25,000 | 25,000 | 115,518 | (90,518) |
| Total expenditures | 1,796,724 | 1,886,724 | 1,489,879 | 396,845 |
| Revenues over (under) expenditures | - | (90,000) | 439,796 | 529,796 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | - | (228,242) | (228,242) | - |
| Debt issuance | - | 228,242 | - | (228,242) |
| Total other financing sources (uses) | - | - | (228,242) | (228,242) |
| Net change in fund balance | - | (90,000) | 211,554 | 301,554 |
| Fund balance, beginning | (1,548,424) | (1,548,424) | (1,548,424) | |
| Fund balance, ending | \$ (1,548,424) | \$ (1,638,424) | \$ (1,336,870) | \$ 301,554 |

CITY OF LOGAN
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

Note 1 - Budgetary Information

The City is required by state statute and the Uniform Fiscal Procedures Act for Utah Cities to adopt annual budgets for the general fund, special revenue funds, capital projects funds, and enterprise funds. Budgets for the general fund, special revenue funds, and capital projects funds are adopted on a basis consistent with Generally Accepted Accounting Principles (GAAP). Budgets for the enterprise funds are prepared on the accrual basis with the exception that depreciation expense is not budgeted and capital outlay is a budgeted expense. These budgets are, therefore, adopted on a Non-GAAP basis.

On or before May 1st, the Mayor submits to the City Council a proposed budget for the fiscal year beginning July 1st. The budget includes proposed expenditures or expenses and the means of financing them. Prior to formal adoption of the budget, the Council holds budget workshop meetings, which are open to the public. In addition, the Council holds a public hearing at which time taxpayer comments are heard. Copies of the proposed budget are made available for public inspection 10 days prior to the public hearing. At the conclusion of the hearings on or before June 22nd, the budget as amended is legally adopted through the passage of a resolution.

The Uniform Fiscal Procedures Act for Utah Cities states that a city can appropriate the portion of the fund balance that exceeds five percent of the estimated revenues of the general fund. The accumulated unreserved and fund balance cannot exceed 18 percent of estimated revenues. If the general fund fund balance exceeds 18 percent of the estimated revenues, a city is required to include that portion that exceeds 18 percent in the subsequent year's expenditure budget. Until the unreserved fund balance exceeds the five percent minimum, it may only be used for working capital or emergency needs. As of June 30, 2006, the general fund reported a fund balance of \$8,949,176, of which \$6,764,528, or approximately 26.3 percent of general fund revenue, is unreserved and undesignated.

During a fiscal year, departments may make transfers of appropriations within a department with the approval of the Mayor. Transfers of appropriations between departments, however, require the approval of the Council. In addition, if a department desires to exceed its total budget appropriation, a budget resolution amending the original adopted budget must be passed by the Council. Public hearings are required on all such amendments to the original adopted budget.

Generally, unencumbered and unexpended appropriations lapse at year-end. The City will carry forward specific encumbrances on a case-by-case basis. These encumbrances are reappropriated by council through a budget resolution.

This page intentionally left blank.

Supplementary Information

This page intentionally left blank.

Nonmajor Governmental Funds

Library Fund

Recreation Center Maintenance Fund

Willow Park Fund

Communication Center Fund

Special Improvement Fund

Housing Authority Fund

Logan Transit District Fund

Cemetery Perpetual Care Fund

Community Donations Fund

Capital Projects Fund

City of Logan
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2006

| | Library | Recreation Center Maintenance | Willow Park | Communication Center | Special Improvement | Housing Authority | Logan Transit District | Cemetery Perpetual Care | Community Donations | Capital Projects | Total |
|--|---------------------|-------------------------------------|-------------------|-------------------------|------------------------|----------------------|------------------------------|-------------------------------|------------------------|---------------------|---------------------|
| ASSETS | | | | | | | | | | | |
| Cash and cash equivalents | \$ 996,522 | \$ 91,644 | \$ 312,532 | \$ 1,023,177 | \$ 13,938 | \$ - | \$ 887,800 | \$ 126,012 | \$ 46,623 | \$ 136,750 | \$ 3,634,998 |
| Accounts receivable (net of allowance) | - | - | - | 70,556 | - | - | - | - | - | - | 70,556 |
| Notes receivable | - | - | - | - | 179,205 | - | - | - | - | - | 179,205 |
| Property tax receivable | 1,137,173 | - | - | - | - | - | - | - | - | - | 1,137,173 |
| Due from other funds | - | - | - | - | - | - | - | 50,000 | - | - | 50,000 |
| Due from other governmental units | 27,510 | - | 83,999 | 100,521 | - | - | 452,966 | - | - | - | 664,996 |
| Total assets | <u>2,161,205</u> | <u>91,644</u> | <u>396,531</u> | <u>1,194,254</u> | <u>193,143</u> | <u>-</u> | <u>1,340,766</u> | <u>176,012</u> | <u>46,623</u> | <u>136,750</u> | <u>5,736,928</u> |
| LIABILITIES AND FUND BALANCES | | | | | | | | | | | |
| Liabilities: | | | | | | | | | | | |
| Accounts payable | 2,797 | 35,264 | 56,260 | 17,143 | 508 | - | 156,265 | - | - | - | 268,237 |
| Other accrued liabilities | 31,254 | 5,835 | 21,732 | 43,894 | - | - | 4,484 | - | - | - | 107,199 |
| Deferred revenue | 1,137,173 | - | 113,110 | - | 179,205 | - | 15,239 | - | - | - | 1,444,727 |
| Total liabilities | <u>1,171,224</u> | <u>41,099</u> | <u>191,102</u> | <u>61,037</u> | <u>179,713</u> | <u>-</u> | <u>175,988</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,820,163</u> |
| Fund balances: | | | | | | | | | | | |
| Reserved for: | | | | | | | | | | | |
| Encumbrances | - | - | 113,210 | - | - | - | - | - | - | - | 113,210 |
| Perpetual care | - | - | - | - | - | - | - | 176,012 | - | - | 176,012 |
| Other | - | - | - | - | - | - | - | - | - | - | - |
| Unreserved, undesignated reported in: | | | | | | | | | | | |
| Special revenue | 989,981 | 50,545 | 92,219 | 1,133,217 | 13,430 | - | 1,164,778 | - | 46,623 | - | 3,490,793 |
| Capital projects | - | - | - | - | - | - | - | - | - | 136,750 | 136,750 |
| Total fund balances | <u>989,981</u> | <u>50,545</u> | <u>205,429</u> | <u>1,133,217</u> | <u>13,430</u> | <u>-</u> | <u>1,164,778</u> | <u>176,012</u> | <u>46,623</u> | <u>136,750</u> | <u>3,916,765</u> |
| Total liabilities and fund balances | <u>\$ 2,161,205</u> | <u>\$ 91,644</u> | <u>\$ 396,531</u> | <u>\$ 1,194,254</u> | <u>\$ 193,143</u> | <u>\$ -</u> | <u>\$ 1,340,766</u> | <u>\$ 176,012</u> | <u>\$ 46,623</u> | <u>\$ 136,750</u> | <u>\$ 5,736,928</u> |

City of Logan
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2006

| | Library | Recreation Center Maintenance | Willow Park | Communication Center | Special Improvement | Housing Authority | Logan Transit District | Cemetery Perpetual Care | Community Donations | Capital Projects | Total |
|--------------------------------------|-------------------|-------------------------------------|-------------------|-------------------------|------------------------|----------------------|------------------------------|-------------------------------|------------------------|---------------------|---------------------|
| REVENUES | | | | | | | | | | | |
| Property tax | \$ 1,093,553 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 1,093,553 |
| Sales tax | - | - | - | - | - | - | 1,871,197 | - | - | - | 1,871,197 |
| Intergovernmental | 16,688 | 233,030 | 702,618 | - | - | - | 917,107 | - | - | - | 1,869,443 |
| Charges for services | 9,529 | - | 217,613 | 1,415,539 | - | - | 42,986 | 20,150 | - | - | 1,705,817 |
| Fines | 47,597 | - | - | - | - | - | - | - | - | - | 47,597 |
| Investment earnings | 17,075 | 246 | - | 38,319 | 338 | - | 42,337 | 4,034 | - | 17,796 | 120,145 |
| Contributions from private sources | 52,981 | - | 25,310 | - | - | - | 8,250 | - | 56,823 | - | 143,364 |
| Miscellaneous | 7,143 | 16,362 | 8,570 | - | 94,762 | 13,993 | 59,349 | - | - | - | 200,179 |
| Total revenues | <u>1,244,566</u> | <u>249,638</u> | <u>954,111</u> | <u>1,453,858</u> | <u>95,100</u> | <u>13,993</u> | <u>2,941,226</u> | <u>24,184</u> | <u>56,823</u> | <u>17,796</u> | <u>7,051,295</u> |
| EXPENDITURES | | | | | | | | | | | |
| Current: | | | | | | | | | | | |
| Public safety | - | - | - | 1,121,122 | - | - | - | - | - | - | 1,121,122 |
| Public works | - | - | - | - | 2,284 | - | 2,230,423 | - | - | - | 2,232,707 |
| Parks, recreation and culture | 1,316,814 | 450,819 | 857,976 | - | - | - | - | - | - | - | 2,625,609 |
| Debt service: | | | | | | | | | | | |
| Principal | - | - | - | - | 13,795 | - | - | - | - | - | 13,795 |
| Interest | - | - | - | - | 4,847 | - | - | - | - | - | 4,847 |
| Capital outlay: | | | | | | | | | | | |
| Public safety | - | - | - | 124,434 | - | - | - | - | - | - | 124,434 |
| Public works | - | - | - | - | - | - | 997,199 | - | - | - | 997,199 |
| Parks, recreation and culture | - | 60,525 | 109,398 | - | - | - | - | - | - | 267,584 | 437,507 |
| Total expenditures | <u>1,316,814</u> | <u>511,344</u> | <u>967,374</u> | <u>1,245,556</u> | <u>20,926</u> | <u>-</u> | <u>3,227,622</u> | <u>-</u> | <u>-</u> | <u>267,584</u> | <u>7,557,220</u> |
| Revenues over (under) expenditures | <u>(72,248)</u> | <u>(261,706)</u> | <u>(13,263)</u> | <u>208,302</u> | <u>74,174</u> | <u>13,993</u> | <u>(286,396)</u> | <u>24,184</u> | <u>56,823</u> | <u>(249,788)</u> | <u>(505,925)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | | | | | | |
| Transfers in | - | 293,304 | 434,835 | - | - | - | - | - | - | 200,000 | 928,139 |
| Transfers out | - | - | (9,986) | - | - | (102,577) | - | - | (10,200) | - | (122,763) |
| Debt issuance | - | - | - | - | 193,000 | - | - | - | - | - | 193,000 |
| Sale of fixed assets | - | - | - | - | - | - | 9,000 | - | - | 1,020,000 | 1,029,000 |
| Total other financing sources (uses) | <u>-</u> | <u>293,304</u> | <u>424,849</u> | <u>-</u> | <u>193,000</u> | <u>(102,577)</u> | <u>9,000</u> | <u>-</u> | <u>(10,200)</u> | <u>1,220,000</u> | <u>2,027,376</u> |
| Net change in fund balances | <u>(72,248)</u> | <u>31,598</u> | <u>411,586</u> | <u>208,302</u> | <u>267,174</u> | <u>(88,584)</u> | <u>(277,396)</u> | <u>24,184</u> | <u>46,623</u> | <u>970,212</u> | <u>1,521,451</u> |
| Fund balances - beginning | <u>1,062,229</u> | <u>18,947</u> | <u>(206,157)</u> | <u>924,915</u> | <u>(253,744)</u> | <u>88,584</u> | <u>1,442,174</u> | <u>151,828</u> | <u>-</u> | <u>(833,462)</u> | <u>2,395,314</u> |
| Fund balances - ending | <u>\$ 989,981</u> | <u>\$ 50,545</u> | <u>\$ 205,429</u> | <u>\$ 1,133,217</u> | <u>\$ 13,430</u> | <u>\$ -</u> | <u>\$ 1,164,778</u> | <u>\$ 176,012</u> | <u>\$ 46,623</u> | <u>\$ 136,750</u> | <u>\$ 3,916,765</u> |

**City of Logan
Library Fund
Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2006**

| | Budget | | | |
|------------------------------------|--------------|--------------|--------------|--------------|
| | Original | Final | Actual | Variance |
| REVENUES | | | | |
| Property tax | \$ 1,240,025 | \$ 1,271,651 | \$ 1,093,553 | \$ (178,098) |
| Intergovernmental | 27,488 | 26,688 | 16,688 | (10,000) |
| Charges for services | 5,500 | 5,500 | 9,529 | 4,029 |
| Fines | 30,000 | 30,000 | 47,597 | 17,597 |
| Investment earnings | - | - | 17,075 | 17,075 |
| Contributions from private sources | 50,450 | 53,400 | 52,981 | (419) |
| Miscellaneous | 2,000 | 2,000 | 7,143 | 5,143 |
| Total revenues | 1,355,463 | 1,389,239 | 1,244,566 | (144,673) |
| EXPENDITURES | | | | |
| Current: | | | | |
| Parks, recreation and culture | 1,355,463 | 1,404,833 | 1,316,814 | 88,019 |
| Total expenditures | 1,355,463 | 1,404,833 | 1,316,814 | 88,019 |
| Revenues over (under) expenditures | - | (15,594) | (72,248) | (56,654) |
| Net change in fund balance | - | (15,594) | (72,248) | (56,654) |
| Fund balance, beginning | 1,062,229 | 1,062,229 | 1,062,229 | - |
| Fund balance, ending | \$ 1,062,229 | \$ 1,046,635 | \$ 989,981 | \$ (56,654) |

City of Logan
Recreation Center Maintenance Fund
Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2006

| | Budget | | | |
|--------------------------------------|------------|------------|------------|-----------|
| | Original | Final | Actual | Variance |
| REVENUES | | | | |
| Intergovernmental | \$ 233,030 | \$ 233,030 | \$ 233,030 | \$ - |
| Investment earnings | - | - | 246 | 246 |
| Miscellaneous | 8,747 | 24,322 | 16,362 | (7,960) |
| Total revenues | 241,777 | 257,352 | 249,638 | (7,714) |
| EXPENDITURES | | | | |
| Current: | | | | |
| Parks, recreation and culture | 434,293 | 436,459 | 450,819 | (14,360) |
| Capital outlay: | | | | |
| Parks, recreation and culture | 100,000 | 114,197 | 60,525 | 53,672 |
| Total expenditures | 534,293 | 550,656 | 511,344 | 39,312 |
| Revenues over (under) expenditures | (292,516) | (293,304) | (261,706) | 31,598 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 292,516 | 293,304 | 293,304 | - |
| Total other financing sources (uses) | 292,516 | 293,304 | 293,304 | - |
| Net change in fund balance | - | - | 31,598 | 31,598 |
| Fund balance, beginning | 18,947 | 18,947 | 18,947 | - |
| Fund balance, ending | \$ 18,947 | \$ 18,947 | \$ 50,545 | \$ 31,598 |

City of Logan
Willow Park Fund
Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2006

| | Budget | | Actual | | | |
|--------------------------------------|--------------|--------------|------------|--------------|------------|-------------|
| | Original | Final | GAAP | Encumbrances | Budgetary | Variance |
| REVENUES | | | | | | |
| Intergovernmental | \$ 385,620 | \$ 715,049 | \$ 702,618 | \$ - | \$ 702,618 | \$ (12,431) |
| Charges for services | 168,256 | 196,038 | 217,613 | - | 217,613 | 21,575 |
| Contributions from private sources | 15,000 | 15,000 | 25,310 | - | 25,310 | 10,310 |
| Miscellaneous | 800 | 800 | 8,570 | - | 8,570 | 7,770 |
| Total revenues | 576,674 | 926,887 | 954,111 | - | 954,111 | 27,224 |
| EXPENDITURES | | | | | | |
| Current: | | | | | | |
| Parks, recreation and culture | 903,308 | 1,137,595 | 857,976 | - | 857,976 | 279,619 |
| Capital outlay: | | | | | | |
| Parks, recreation and culture | - | 242,122 | 109,398 | 113,210 | 222,608 | 19,514 |
| Total expenditures | 903,308 | 1,379,717 | 967,374 | 113,210 | 1,080,584 | 299,133 |
| Revenues over (under) expenditures | (326,634) | (452,830) | (13,263) | (113,210) | (126,473) | 326,357 |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers in | 336,620 | 434,835 | 434,835 | - | 434,835 | - |
| Transfers out | (9,986) | (9,986) | (9,986) | - | (9,986) | - |
| Total other financing sources (uses) | 326,634 | 424,849 | 424,849 | - | 424,849 | - |
| Net change in fund balance | - | (27,981) | 411,586 | (113,210) | 298,376 | 326,357 |
| Fund balance, beginning | (206,157) | (206,157) | (206,157) | - | (206,157) | - |
| Fund balance, ending | \$ (206,157) | \$ (234,138) | \$ 205,429 | \$ (113,210) | \$ 92,219 | \$ 326,357 |

City of Logan
Communication Center Fund
Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2006

| | Budget | | | |
|------------------------------------|--------------|--------------|--------------|------------|
| | Original | Final | Actual | Variance |
| REVENUES | | | | |
| Charges for services | \$ 1,349,364 | \$ 1,349,364 | \$ 1,415,539 | \$ 66,175 |
| Investment earnings | 1,846 | 1,846 | 38,319 | 36,473 |
| Total revenues | 1,351,210 | 1,351,210 | 1,453,858 | 102,648 |
| EXPENDITURES | | | | |
| Current: | | | | |
| Public safety | 1,239,254 | 1,206,554 | 1,121,122 | 85,432 |
| Capital outlay: | | | | |
| Public safety | 111,956 | 144,656 | 124,434 | 20,222 |
| Total expenditures | 1,351,210 | 1,351,210 | 1,245,556 | 105,654 |
| Revenues over (under) expenditures | - | - | 208,302 | 208,302 |
| Net change in fund balance | - | - | 208,302 | 208,302 |
| Fund balance, beginning | 924,915 | 924,915 | 924,915 | - |
| Fund balance, ending | \$ 924,915 | \$ 924,915 | \$ 1,133,217 | \$ 208,302 |

City of Logan
Special Improvement Fund
Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2006

| | Budget | | | |
|--------------------------------------|--------------|--------------|-----------|------------|
| | Original | Final | Actual | Variance |
| REVENUES | | | | |
| Investment earnings | \$ - | \$ - | \$ 338 | \$ 338 |
| Miscellaneous | - | 27,560 | 94,762 | 67,202 |
| Total revenues | - | 27,560 | 95,100 | 67,540 |
| EXPENDITURES | | | | |
| Current: | | | | |
| Public works | - | 9,000 | 2,284 | 6,716 |
| Debt service: | | | | |
| Principal | - | 18,560 | 13,795 | 4,765 |
| Interest | - | - | 4,847 | (4,847) |
| Total expenditures | - | 27,560 | 20,926 | 6,634 |
| Revenues over (under) expenditures | - | - | 74,174 | 74,174 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Debt issuance | - | - | 193,000 | 193,000 |
| Total other financing sources (uses) | - | - | 193,000 | 193,000 |
| Net change in fund balance | - | - | 267,174 | 267,174 |
| Fund balance, beginning | (253,744) | (253,744) | (253,744) | - |
| Fund balance, ending | \$ (253,744) | \$ (253,744) | \$ 13,430 | \$ 267,174 |

**City of Logan
Housing Authority Fund
Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2006**

| | <u>Budget</u> | | <u>Actual</u> | <u>Variance</u> |
|--------------------------------------|-----------------|--------------|---------------|-----------------|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES | | | | |
| Miscellaneous | \$ - | \$ - | \$ 13,993 | \$ 13,993 |
| Total revenues | - | - | 13,993 | 13,993 |
| Revenues over (under) expenditures | - | - | 13,993 | 13,993 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | - | (103,000) | (102,577) | 423 |
| Total other financing sources (uses) | - | (103,000) | (102,577) | 423 |
| Net change in fund balance | - | (103,000) | (88,584) | 14,416 |
| Fund balance, beginning | 88,584 | 88,584 | 88,584 | - |
| Fund balance, ending | \$ 88,584 | \$ (14,416) | \$ - | \$ 14,416 |

City of Logan
Logan Transit District Fund
Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2006

| | Budget | | | |
|--------------------------------------|--------------|--------------|--------------|--------------|
| | Original | Final | Actual | Variance |
| REVENUES | | | | |
| Sales tax | \$ 1,806,600 | \$ 1,806,600 | \$ 1,871,197 | \$ 64,597 |
| Intergovernmental | 1,560,338 | 1,640,338 | 917,107 | (723,231) |
| Charges for services | 3,000 | 27,989 | 42,986 | 14,997 |
| Investment earnings | 12,000 | 12,000 | 42,337 | 30,337 |
| Contributions from private sources | - | - | 8,250 | 8,250 |
| Miscellaneous | 18,000 | 18,000 | 59,349 | 41,349 |
| Total revenues | 3,399,938 | 3,504,927 | 2,941,226 | (563,701) |
| EXPENDITURES | | | | |
| Current: | | | | |
| Public works | 2,159,798 | 2,333,787 | 2,230,423 | 103,364 |
| Capital outlay: | | | | |
| Public works | 1,240,140 | 1,171,140 | 997,199 | 173,941 |
| Total expenditures | 3,399,938 | 3,504,927 | 3,227,622 | 277,305 |
| Revenues over (under) expenditures | - | - | (286,396) | (286,396) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Sale of fixed assets | - | - | 9,000 | 9,000 |
| Total other financing sources (uses) | - | - | 9,000 | 9,000 |
| Net change in fund balance | - | - | (277,396) | (277,396) |
| Fund balance, beginning | 1,442,174 | 1,442,174 | 1,442,174 | - |
| Fund balance, ending | \$ 1,442,174 | \$ 1,442,174 | \$ 1,164,778 | \$ (277,396) |

City of Logan
Cemetery Perpetual Care Fund
Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2006

| | Budget | | Actual | Variance |
|------------------------------------|-----------------|--------------|---------------|-----------------|
| | Original | Final | | |
| REVENUES | | | | |
| Charges for services | \$ - | \$ - | \$ 20,150 | \$ 20,150 |
| Investment earnings | - | - | 4,034 | 4,034 |
| Total revenues | - | - | 24,184 | 24,184 |
| Revenues over (under) expenditures | - | - | 24,184 | 24,184 |
| Net change in fund balance | - | - | 24,184 | 24,184 |
| Fund balance, beginning | 151,828 | 151,828 | 151,828 | - |
| Fund balance, ending | \$ 151,828 | \$ 151,828 | \$ 176,012 | \$ 24,184 |

City of Logan
Community Donations Fund
Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2006

| | <u>Budget</u> | | | |
|--------------------------------------|-----------------|-----------------|------------------|------------------|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | <u>Variance</u> |
| REVENUES | | | | |
| Contributions from private sources | \$ - | \$ 10,200 | \$ 56,823 | \$ 46,623 |
| Total revenues | <u>-</u> | <u>10,200</u> | <u>56,823</u> | <u>46,623</u> |
| Revenues over (under) expenditures | <u>-</u> | <u>10,200</u> | <u>56,823</u> | <u>46,623</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | - | (10,200) | (10,200) | - |
| Total other financing sources (uses) | <u>-</u> | <u>(10,200)</u> | <u>(10,200)</u> | <u>-</u> |
| Net change in fund balance | - | - | 46,623 | 46,623 |
| Fund balance, beginning | - | - | - | - |
| Fund balance, ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 46,623</u> | <u>\$ 46,623</u> |

**City of Logan
Capital Projects Fund
Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2006**

| | Budget | | | |
|--------------------------------------|--------------|--------------|------------|--------------|
| | Original | Final | Actual | Variance |
| REVENUES | | | | |
| Intergovernmental | \$ 150,000 | \$ 150,000 | \$ - | \$ (150,000) |
| Investment earnings | - | - | 17,796 | 17,796 |
| Total revenues | 150,000 | 150,000 | 17,796 | (132,204) |
| EXPENDITURES | | | | |
| Capital outlay: | | | | |
| Public safety | 350,000 | 350,000 | - | 350,000 |
| Parks, recreation and culture | - | - | 267,584 | (267,584) |
| Total expenditures | 350,000 | 350,000 | 267,584 | 82,416 |
| Revenues over (under) expenditures | (200,000) | (200,000) | (249,788) | (49,788) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 200,000 | 200,000 | 200,000 | - |
| Sale of fixed assets | - | - | 1,020,000 | 1,020,000 |
| Total other financing sources (uses) | 200,000 | 200,000 | 1,220,000 | 1,020,000 |
| Net change in fund balance | - | - | 970,212 | 970,212 |
| Fund balance, beginning | (833,462) | (833,462) | (833,462) | - |
| Fund balance, ending | \$ (833,462) | \$ (833,462) | \$ 136,750 | \$ 970,212 |

| | | Projected Expenditures/Expenses | | | |
|---|------------|---------------------------------|------------|------------|-----------|
| | FY 2006 | | | | |
| Capital Projects | Revenue | FY 2006 | FY 2007 | FY 2008 | FY 2009 |
| Waste Water | | | | | |
| West Regional Pressure Sewer | \$ 33,208 | \$ - | \$ - | \$ 33,208 | \$ - |
| Recycle Town Lift Station | 42,556 | - | - | 42,556 | - |
| 1000 West Sewer Enlargement | 11,101 | - | - | 11,101 | - |
| Aeration System Upgrade Basin A1 | 31,104 | - | - | 31,104 | - |
| Fire | | | | | |
| Fire Station 72 | 37,709 | - | - | - | 37,709 |
| Electric | | | | | |
| Substation SW Area | 2,157 | - | 2,157 | - | - |
| Substation Landfill Area | 112,187 | - | 112,187 | - | - |
| Street Lights | 5,394 | - | 5,394 | - | - |
| Reconductor/Rebuild 46KV Lines | 14,671 | - | 14,671 | - | - |
| 46KV Line Extension South Loop | 10,787 | - | 10,787 | - | - |
| New 138KV West Transmission Line | 25,889 | - | 25,889 | - | - |
| Rebuild Reconductor Overhead Distribution Lines | 10,787 | - | 10,787 | - | - |
| Capacitors for Overhead Distribution Lines | 2,589 | - | 2,589 | - | - |
| Police | | | | | |
| Police Headquarters | 10,597 | 10,597 | - | - | - |
| Storm Water | | | | | |
| 600 South Storm Improvements | 1,144 | - | - | - | 1,144 |
| 1200 North Overflow | 8,874 | - | 8,874 | - | - |
| 1000 North Storm Improvements | 10,227 | - | - | - | 10,227 |
| Transportation (level of service based) | | | | | |
| Growth Related Projects | 99,836 | - | 99,836 | - | - |
| Water | | | | | |
| | - | - | - | - | - |
| River Park Well | 34,702 | - | - | - | 34,702 |
| | | | | | |
| | | | | | |
| Total | \$ 505,519 | \$ 10,597 | \$ 293,171 | \$ 117,969 | \$ 83,782 |

Statistical Section

(Unaudited)

City of Logan
Net Assets by Component
Last Four Fiscal Years
(accrual basis of accounting)

| | Fiscal Year | | | |
|---|----------------------|----------------------|-----------------------|-----------------------|
| | 2003 | 2004 | 2005 | 2006 |
| Governmental activities | | | | |
| Invested in capital assets, net of related debt | \$ 35,069,244 | \$ 35,630,820 | \$ 33,827,064 | \$ 33,547,443 |
| Restricted | 486,286 | 744,598 | 3,407,503 | 4,395,122 |
| Unrestricted | (1,682,392) | (1,887,474) | 2,080,296 | 7,375,465 |
| Total governmental activities net assets | <u>33,873,138</u> | <u>34,487,944</u> | <u>39,314,863</u> | <u>45,318,030</u> |
| Business-type activities | | | | |
| Invested in capital assets, net of related debt | 39,269,033 | 47,723,085 | 53,030,441 | 54,218,641 |
| Restricted | 1,360,259 | 4,127,056 | 3,515,899 | 3,369,056 |
| Unrestricted | 9,289,486 | 4,238,336 | 4,967,851 | 11,534,517 |
| Total business-type activities net assets | <u>49,918,778</u> | <u>56,088,477</u> | <u>61,514,191</u> | <u>69,122,214</u> |
| Primary Government | | | | |
| Invested in capital assets, net of related debt | 74,338,277 | 83,353,905 | 86,857,505 | 87,766,084 |
| Restricted | 1,846,545 | 4,871,654 | 6,923,402 | 7,764,178 |
| Unrestricted | 7,607,094 | 2,350,862 | 7,048,147 | 18,909,982 |
| Total primary government net assets | <u>\$ 83,791,916</u> | <u>\$ 90,576,421</u> | <u>\$ 100,829,054</u> | <u>\$ 114,440,244</u> |

Note:

This schedule usually covers the 10 most recent fiscal years; however, as this is the implementation year of GASB 44, governments are not required to report prior years.

City of Logan
Changes in Net Assets
Last Four Fiscal Years
(accrual basis of accounting)

| Expenses | Fiscal Year | | | |
|---|---------------------|---------------------|----------------------|----------------------|
| | 2003 | 2004 | 2005 | 2006 |
| Governmental activities: | | | | |
| General government | \$ 3,816,925 | \$ 3,576,623 | \$ 4,610,847 | \$ 4,154,311 |
| Public safety | 10,444,466 | 11,726,379 | 10,431,786 | 10,645,906 |
| Public works | 8,841,738 | 10,731,937 | 9,483,377 | 9,218,137 |
| Parks, recreation and culture | 6,270,288 | 5,792,722 | 5,695,681 | 5,513,037 |
| Interest on long-term debt | 1,206,689 | 995,108 | 995,073 | 883,013 |
| Total governmental activities expenses | <u>30,580,106</u> | <u>32,822,769</u> | <u>31,216,764</u> | <u>30,414,404</u> |
| Business-type activities: | | | | |
| Water and sewer | 5,938,452 | 4,453,375 | 4,984,878 | 5,329,864 |
| Sewer treatment | - | 1,507,918 | 1,592,069 | 1,516,309 |
| Electric | 22,883,148 | 25,218,929 | 26,661,065 | 28,154,670 |
| Environmental health | 4,999,035 | 5,792,364 | 6,437,766 | 6,832,097 |
| Storm water management | - | 122,146 | 31,156 | 146,376 |
| Golf course | 1,109,669 | 962,228 | 1,067,436 | 950,401 |
| Total business-type activities expenses | <u>34,930,304</u> | <u>38,056,960</u> | <u>40,774,370</u> | <u>42,929,717</u> |
| Total primary government expenses | <u>65,510,410</u> | <u>70,879,729</u> | <u>71,991,134</u> | <u>73,344,121</u> |
| Program Revenues | | | | |
| Governmental activities: | | | | |
| Charges for services: | | | | |
| General government | 971,291 | 1,014,502 | 1,696,466 | 2,442,210 |
| Public safety | 2,776,405 | 3,080,412 | 3,024,525 | 3,072,579 |
| Public works | 750,691 | 828,585 | 99,141 | 108,824 |
| Culture and recreation | 1,396,225 | 1,440,889 | 1,198,062 | 1,137,552 |
| Operating grants and contributions | 2,036,291 | 3,122,508 | 2,347,991 | 3,624,830 |
| Capital grants and contributions | 617,458 | 1,087,746 | 4,616,339 | 1,759,227 |
| Total governmental activities program revenues | <u>8,548,361</u> | <u>10,574,642</u> | <u>12,982,524</u> | <u>12,145,222</u> |
| Business-type activities: | | | | |
| Charges for services: | | | | |
| Water and sewer | 7,483,377 | 7,419,420 | 7,141,975 | 8,053,733 |
| Sewer treatment | - | 2,788,190 | 2,933,363 | 3,314,190 |
| Electric | 27,474,803 | 28,649,795 | 28,655,369 | 31,994,373 |
| Environmental health | 6,934,738 | 7,305,379 | 8,060,982 | 8,778,028 |
| Storm water | - | - | - | 917,264 |
| Golf Course | 851,897 | 806,988 | 792,129 | 854,770 |
| Operating grants and contributions | - | 217 | - | 4,100 |
| Capital grants and contributions | 155,478 | 958,158 | 465,695 | 851,185 |
| Total business-type activities program revenues | <u>42,900,293</u> | <u>47,928,147</u> | <u>48,049,513</u> | <u>54,767,643</u> |
| Total primary government program revenue | <u>51,448,654</u> | <u>58,502,789</u> | <u>35,066,989</u> | <u>42,622,421</u> |
| Net (expense)/revenue | | | | |
| Governmental activities | (22,031,745) | (22,248,127) | (18,234,240) | (18,269,182) |
| Business-type activities | 7,969,989 | 9,871,187 | 7,275,143 | 11,837,926 |
| Total primary government net expense | <u>(14,061,756)</u> | <u>(12,376,940)</u> | <u>(10,959,097)</u> | <u>(6,431,256)</u> |
| General Revenues and Other Changes in Net Assets | | | | |
| Governmental activities: | | | | |
| Taxes | | | | |
| Property taxes | 3,569,309 | 4,588,551 | 4,906,390 | 4,717,759 |
| Sales and franchise taxes | 10,981,652 | 11,870,600 | 13,107,750 | 14,205,757 |
| Unrestricted grants and contributions | 558,766 | 658,743 | 202,675 | 78,334 |
| Investment earnings | 105,174 | - | 99,548 | 411,453 |
| Miscellaneous | 495,792 | 1,347,804 | 2,803,611 | 485,882 |
| Gain (loss) on sale of assets | - | - | - | 143,261 |
| Transfers | 4,193,993 | 4,397,235 | 1,941,185 | 4,229,903 |
| Total general revenues and transfers | <u>19,904,686</u> | <u>22,862,933</u> | <u>23,061,159</u> | <u>24,272,349</u> |
| Business-type activities: | | | | |
| Investment earnings | 626,687 | 695,747 | 91,756 | - |
| Transfers | (4,193,993) | (4,397,235) | (1,941,185) | (4,229,903) |
| Total general revenues and transfers | <u>(3,567,306)</u> | <u>(3,701,488)</u> | <u>(1,849,429)</u> | <u>(4,229,903)</u> |
| Total primary government | <u>16,337,380</u> | <u>19,161,445</u> | <u>21,211,730</u> | <u>20,042,446</u> |
| Change in Net Assets | | | | |
| Governmental activities | (2,127,059) | 614,806 | 4,826,919 | 6,003,167 |
| Business-type activities | 4,402,683 | 6,169,699 | 5,425,714 | 7,608,023 |
| Total primary government | <u>\$ 2,275,624</u> | <u>\$ 6,784,505</u> | <u>\$ 10,252,633</u> | <u>\$ 13,611,190</u> |

Notes:

This schedule usually covers the 10 most recent fiscal years; however, as this is the implementation year of GASB 44, governments are not required to report prior years.

City of Logan
Governmental Activities Tax Revenues by Source
Last Four Fiscal Years
(accrual basis of accounting)

| Fiscal Year | Property Tax | Sales Tax | Franchise Tax | Total |
|--------------------|---------------------|------------------|--------------------------|---------------|
| 2003 | \$ 3,569,309 | \$ 7,587,074 | \$ 1,085,484 | \$ 12,241,867 |
| 2004 | 4,588,551 | 8,374,627 | 3,495,973 | 16,459,151 |
| 2005 | 4,906,390 | 8,701,002 | 4,406,748 | 18,014,140 |
| 2006 | 4,717,759 | 9,656,503 | 4,549,254 | 18,923,516 |

Note:

This schedule usually covers the 10 most recent fiscal years; however, as this is the implementation year of GASB 44, governments are not required to report prior years.

City of Logan
Fund Balances of Governmental Funds
Last Four Fiscal Years
(modified accrual basis of accounting)

| | 2003 | 2004 | 2005 | 2006 |
|--------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| General fund | | | | |
| Reserved | \$ 684,057 | \$ 319,957 | \$ 1,192,730 | \$ 2,184,648 |
| Unreserved | (838,319) | 907,804 | 2,671,218 | 6,764,528 |
| Total general fund | <u><u>\$ (154,262)</u></u> | <u><u>\$ 1,227,761</u></u> | <u><u>\$ 3,863,948</u></u> | <u><u>\$ 8,949,176</u></u> |
| Other governmental funds | | | | |
| Reserved | \$ 302,554 | \$ 585,848 | \$ 453,716 | \$ 337,194 |
| Unreserved reported in: | | | | |
| Special revenue funds | (124,032) | 3,588,595 | 1,226,636 | 2,105,951 |
| Capital projects funds | (367,855) | (749,811) | (833,462) | 136,750 |
| Permanent funds | - | - | - | - |
| Total other governmental funds | <u><u>\$ (189,333)</u></u> | <u><u>\$ 3,424,632</u></u> | <u><u>\$ 846,890</u></u> | <u><u>\$ 2,579,895</u></u> |

Note:

This schedule usually covers the 10 most recent fiscal years; however, as this is the implementation year of GASB 44, governments are not required to report prior years.

City of Logan
Changes in Fund Balances of Governmental Funds
Last Four Fiscal Years
(modified accrual basis of accounting)

| Revenues | 2003 | 2004 | 2005 | 2006 |
|---|-----------------------|---------------------|-------------------|---------------------|
| Taxes | \$ 12,241,867 | \$ 16,459,151 | \$ 18,014,140 | \$ 18,923,516 |
| Licenses and permits | 912,676 | 1,004,591 | 884,225 | 1,444,976 |
| Intergovernmental | 3,041,925 | 4,926,897 | 4,954,586 | 4,591,346 |
| Administrative fees | 1,772,005 | 1,782,501 | 1,783,657 | 2,961,293 |
| Charges for services | 4,193,444 | 4,268,518 | 4,441,728 | 4,318,955 |
| Fines | 771,455 | 914,074 | 840,504 | 997,234 |
| Investment earnings | 95,260 | 65,363 | 92,415 | 387,531 |
| Contributions from private sources | 46,431 | 45,761 | 79,016 | 143,364 |
| Miscellaneous | 2,592,475 | 434,699 | 388,068 | 913,173 |
| Total revenue | 25,667,538 | 29,901,555 | 31,478,339 | 34,681,388 |
| Expenditures | | | | |
| General government | 4,732,030 | 4,428,880 | 5,453,694 | 5,611,918 |
| Public safety | 8,339,439 | 9,765,686 | 9,544,277 | 9,750,187 |
| Public works | 7,642,584 | 7,608,933 | 7,678,762 | 7,891,821 |
| Parks, recreation and culture | 5,285,182 | 5,172,578 | 5,195,385 | 5,040,564 |
| Debt service: | | | | |
| Principal | 777,418 | 1,335,597 | 1,915,658 | 2,231,709 |
| Interest | 495,166 | 638,250 | 1,043,139 | 770,638 |
| Debt issuance cost | - | 273,405 | - | 114,371 |
| Capital outlay | 4,554,798 | 6,252,762 | 3,194,890 | 2,021,589 |
| Total expense | 31,826,617 | 35,476,091 | 34,025,805 | 33,432,797 |
| Excess (deficiency) of revenues over (under) expenditures | (6,159,079) | (5,574,536) | (2,547,466) | 1,248,591 |
| Other Financing sources (uses) | | | | |
| Transfers in | 6,396,475 | 8,369,117 | 6,487,977 | 5,889,587 |
| Transfers out | (2,928,553) | (2,477,759) | (4,246,792) | (1,659,684) |
| Debt issuance | 389,274 | 15,366,101 | 269,387 | 7,013,000 |
| Debt premium | - | - | - | 259,265 |
| Debt refinancing | - | (10,638,043) | - | (6,961,526) |
| Sale of capital assets | 513,866 | 184,165 | 95,339 | 1,029,000 |
| Total other financing sources and uses | 4,371,062 | 10,803,581 | 2,605,911 | 5,569,642 |
| Net change in fund balances | \$ (1,788,017) | \$ 5,229,045 | \$ 58,445 | \$ 6,818,233 |
| Debt service as a percentage of noncapital expenditures | 4.67% | 7.69% | 9.60% | 9.92% |

Note:

This schedule usually covers the 10 most recent fiscal years; however, as this is the implementation year of GASB 44, governments are not required to report prior years.

City of Logan
Assessed and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

| Fiscal Year | Total Assessed Taxable Value (1) | Estimated Actual Value (2) | Ratio of Total Assessed Value to Total Estimated Actual Value (3) | Total Direct Tax Rate |
|--------------------|---|---------------------------------------|--|----------------------------------|
| 1997 | \$ 881,750,264 | \$ 1,317,427,619 | 66.93% | 0.001238 |
| 1998 | 968,974,900 | 1,582,542,935 | 61.23% | 0.001228 |
| 1999 | 1,092,074,288 | 1,656,087,064 | 65.94% | 0.001264 |
| 2000 | 1,094,720,127 | 1,650,970,173 | 66.31% | 0.001210 |
| 2001 | 1,108,476,617 | 1,638,760,486 | 67.64% | 0.001963 |
| 2002 | 1,167,597,570 | 1,715,931,242 | 68.04% | 0.001709 |
| 2003 | 1,218,593,608 | 1,786,385,500 | 68.22% | 0.001856 |
| 2004 | 1,254,594,070 | 1,840,090,129 | 68.18% | 0.001856 |
| 2005 | 1,339,618,005 | 1,959,880,822 | 68.35% | 0.002296 |
| 2006 | 1,438,033,125 | 2,110,130,566 | 68.15% | 0.002274 |

Note:

- 1- The formula for assessing property taxes changed during the 1986 tax year. Taxable value 55% of market value for residential property and 100% for commercial property.
- 2- Information obtained from the Cache County Auditor's Office
- 3- Information obtained from the Cache County Auditor's Office

**City of Logan
Property Tax Rates (1)
Direct and Overlapping Governments
Last Ten Fiscal Years**

| Fiscal year | City of Logan | Logan School District | Cache County | Total |
|--------------------|----------------------|----------------------------------|---------------------|--------------|
| 1997 | 0.001238 | 0.006515 | 0.002773 | 0.010526 |
| 1998 | 0.001228 | 0.006336 | 0.002721 | 0.010285 |
| 1999 | 0.001264 | 0.006677 | 0.001942 | 0.009883 |
| 2000 | 0.001210 | 0.007088 | 0.001861 | 0.010159 |
| 2001 | 0.001963 | 0.007218 | 0.001791 | 0.010972 |
| 2002 | 0.001709 | 0.006800 | 0.001786 | 0.010295 |
| 2003 | 0.001856 | 0.006900 | 0.001754 | 0.010510 |
| 2004 | 0.001856 | 0.006900 | 0.001754 | 0.010510 |
| 2005 | 0.002296 | 0.007304 | 0.002277 | 0.011877 |
| 2006 | 0.002274 | 0.007304 | 0.002521 | 0.012099 |

Note:

1- Information obtained from the State Tax Commission.

**City of Logan
Principal Property Taxpayers (1)
Current Year and Nine years Ago**

| Taxpayer | Type of Business | FY 2006 taxable valuation | | | FY 1997 taxable valuation | | |
|--------------------------|----------------------|---------------------------|------|--|---------------------------|------|--|
| | | Assessed Value | Rank | Percentage of Total City Assessed Taxable Value | Assessed Value | Rank | Percentage of Total City Assessed Taxable Value |
| U.S. West Communications | Telephone | \$ - | | - | \$ 15,857,710 | 1 | 1.74% |
| Icon Health and Fitness | Exercise equipment | 41,414,095 | 1 | 2.88% | 8,586,670 | 3 | 0.94% |
| Moore Business | Printing | 35,822,095 | 2 | 2.49% | - | | - |
| Schreiber's Cheese | Cheese processing | 32,475,935 | 3 | 2.26% | - | | - |
| Price Development | Developer | 27,662,430 | 4 | 1.92% | 13,677,945 | 2 | 1.50% |
| Hyclone Laboratories | Serum manufacturing | 25,089,740 | 5 | 1.74% | 4,260,430 | 10 | 0.47% |
| Tyco | Circuit board manuf | 16,349,523 | 6 | 1.14% | - | | - |
| Qwest | Telephone | 15,483,835 | 7 | 1.08% | - | | - |
| Lowe's Home Improvement | Home improvement | 12,602,845 | 8 | 0.88% | - | | - |
| Robert D. Harris | Research | 8,683,845 | 9 | 0.60% | 6,068,130 | 6 | 0.67% |
| Black Sheep Land Company | Land developer | 8,456,245 | 10 | 0.59% | - | | - |
| Mountain Fuel Supply | Natural gas supplier | - | | - | 7,034,180 | 4 | 0.77% |
| IHC Hospitals | Hospital | - | | - | 6,117,895 | 5 | 0.67% |
| Ace Raymond | Construction | - | | - | 5,327,420 | 7 | 0.58% |
| Wilford P. Baugh | Motel | - | | - | 5,051,865 | 8 | 0.55% |
| Fred Meyers | Retail store | - | | - | 4,461,225 | 9 | 0.49% |
| Total | | <u>\$ 224,040,588</u> | | <u>15.58%</u> | <u>\$ 76,443,470</u> | | <u>8.38%</u> |
| Total assessed valuation | | | | <u>\$ 1,438,033,125</u> | <u>\$ 910,873,884</u> | | |

Note:

1- Information provided by the Cache County Auditor

**City of Logan
Property Tax Levies and Collections
Last Ten Fiscal Years**

| Fiscal Year | Taxes Levied For The Fiscal Year | Collected within the Fiscal Year of the Levy | | Collections in Subsequent Years | Total Collections to Date | |
|------------------------|---|---|----------------------------|--|----------------------------------|----------------------------|
| | | Amount | Percent of Levy | | Amount | Percent of Levy |
| 1997 | \$ 1,032,320 | \$ 1,348,359 | 130.61% | \$ 19,605 | \$ 1,367,964 | 132.51% |
| 1998 | 1,463,902 | 1,179,763 | 80.59% | 20,281 | 1,200,044 | 81.98% |
| 1999 | 1,225,896 | 1,281,708 | 104.55% | 20,661 | 1,302,368 | 106.24% |
| 2000 | 1,306,355 | 1,990,127 | 152.34% | 48,540 | 2,038,667 | 156.06% |
| 2001 | 2,224,172 | 1,443,922 | 64.92% | 31,622 | 1,475,544 | 66.34% |
| 2002 | 2,021,314 | 2,204,947 | 109.08% | 35,543 | 2,240,491 | 110.84% |
| 2003 | 2,261,837 | 2,468,612 | 109.14% | 90,209 | 2,558,820 | 113.13% |
| 2004 | 2,849,773 | 2,924,000 | 102.60% | 82,060 | 3,006,060 | 105.48% |
| 2005 | 2,961,755 | 3,048,520 | 102.93% | 79,353 | 3,127,873 | 105.61% |
| 2006 | 3,135,477 | 2,588,510 | 82.56% | n/a | 2,588,510 | 82.56% |

City of Logan
Ratios of Outstanding Debt by Type
Last Four Fiscal Years

| Fiscal Year | Governmental Activities | | | | Business-type Activities | | | Total Primary Government | Percentage of Personal Income |
|----------------|--------------------------------|---------------|---------------|-------------------|--------------------------|------------------|-------------------|-----------------------------|-------------------------------------|
| | General Obligation Bonds | Revenue Bonds | Notes Payable | Capital Leases | Revenue Bonds | Notes Payable | Capital Leases | | |
| 2003 | \$ 7,180,000 | \$ 10,626,000 | \$ 985,146 | \$ 1,489,287 | \$ 27,876,000 | \$ - | \$ 18,961 | \$ 48,175,394 | 5.41% |
| 2004 | 6,875,000 | 14,719,000 | 938,138 | 1,929,396 | 25,353,000 | - | 7,196 | 49,821,730 | 5.43% |
| 2005 | 6,555,000 | 13,832,000 | 937,074 | 1,640,716 | 24,826,000 | - | 472,371 | 48,263,161 | 4.94% |
| 2006 | 6,820,000 | 12,878,000 | 672,365 | 1,138,375 | 24,742,000 | 551,000 | 489,742 | 47,291,482 | 4.24% |

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

This schedule usually covers the 10 most recent fiscal years; however, as this is the implementation year of GASB 44, governments are not required to report prior years.

City of Logan
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

| Fiscal Year | General Obligation Bonds (1) | Less: Amounts Available in Debt Service Fund | Total | Percentage of Estimated Actual Taxable Value of Property (2) | Per Capita (3) |
|--------------------|---|---|--------------|---|---------------------------|
| 2003 | \$ 7,180,000 | \$ - | \$ 7,180,000 | 0.59% | 160 |
| 2004 | 6,875,000 | - | 6,875,000 | 0.55% | 151 |
| 2005 | 6,555,000 | - | 6,555,000 | 0.49% | 143 |
| 2006 | 6,820,000 | - | 6,820,000 | 0.47% | 144 |

Note:

- 1- Includes all long-term general obligation debt.
- 2- Taxable value 55% of market value for residences and 100% for commercial property.
- 3- Population data can be found in the Schedule of Demographic Statistics.

This schedule usually covers the 10 most recent fiscal years; however, as this is the implementation year of GASB 44, governments are not required to report prior years.

City of Logan
Direct and Overlapping Governmental Activities Debt
June 30, 2006

| Jurisdiction | Net Outstanding Debt | Percentage Applicable to City of Logan | Amount Applicable to City of Logan |
|-------------------------------|-------------------------------------|---|---|
| Direct: | | | |
| City of Logan | \$ 19,698,000 | 100% | \$ 19,698,000 |
| Overlapping: | | | |
| Logan Redevelopment Agency | 3,920,000 | 100% | 3,920,000 |
| Logan City School District | 21,670,000 | 100% | 21,670,000 |
| Cache County | 15,652,752 | 43% | 6,730,683 |

City of Logan
Legal Debt Margin Information
Last Ten Fiscal Years

| | Fiscal Year | | | | | | | | | |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|-----------------------|
| | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
| Legal debt margin: | | | | | | | | | | |
| Debt limit | \$ 72,869,911 | \$ 77,517,992 | \$ 87,365,943 | \$ 87,577,610 | \$ 93,384,096 | \$ 97,726,863 | \$ 101,974,080 | \$ 104,343,646 | \$ 107,169,440 | \$ 115,042,650 |
| Total net debt applicable to limit | - | - | - | 8,015,000 | 7,750,000 | 7,470,000 | 7,180,000 | 6,875,000 | 6,555,000 | 6,820,000 |
| Legal debt margin | <u>\$ 72,869,911</u> | <u>\$ 77,517,992</u> | <u>\$ 87,365,943</u> | <u>\$ 79,562,610</u> | <u>\$ 85,634,096</u> | <u>\$ 90,256,863</u> | <u>\$ 94,794,080</u> | <u>\$ 97,468,646</u> | <u>\$ 100,614,440</u> | <u>\$ 108,222,650</u> |
| Total net debt applicable to the limit as a percentage of debt limit | 0.00% | 0.00% | 0.00% | 9.15% | 8.30% | 7.64% | 7.04% | 6.59% | 6.12% | 5.93% |

Legal Debt Margin Calculation for Fiscal Year 2006

| | |
|---|------------------------------|
| Assessed valuations: | |
| Assessed value | \$ 1,438,033,125 |
| Add back: exempt real property | n/a |
| Total assessed value | <u>1,438,033,125</u> |
| Legal debt margin | |
| Debt limitation - 8 percent of total assessed value | 115,042,650 |
| Debt applicable to limitation: | |
| Total bonded debt | \$ 6,820,000 |
| Less: Amount available for repayment of general obligation bonds | <u>-</u> |
| Total debt applicable to limitation | <u>6,820,000</u> |
| Legal debt margin | <u><u>\$ 108,222,650</u></u> |

City of Logan
Pledged-Revenue Coverage
Last Ten Fiscal Years

Electric Bonds

| Fiscal Year | Gross Revenue (1) | Direct Operating Expenses (2) | Net Revenue Available for Debt Service | Debt Service Requirements | | | Coverage |
|--------------------|--------------------------|--------------------------------------|---|----------------------------------|-----------------|--------------|-----------------|
| | | | | Principal | Interest | Total | |
| 1997 | \$ 18,779,311 | \$ 12,434,224 | \$ 6,345,087 | \$ 1,560,000 | \$ 366,154 | \$ 1,926,154 | 3.29 |
| 1998 | 19,088,650 | 13,017,677 | 6,070,973 | 4,695,000 | 154,170 | 4,849,170 | 1.25 |
| 1999 | 19,910,012 | 13,842,211 | 6,067,801 | - | - | - | N/A |
| 2000 | 19,814,564 | 16,773,235 | 3,041,329 | - | - | - | N/A |
| 2001 | 23,542,944 | 31,084,158 | (7,541,214) | - | - | - | N/A |
| 2002 | 27,519,231 | 25,952,476 | 1,566,755 | - | 402,555 | 402,555 | 3.89 |
| 2003 | 28,066,952 | 21,222,127 | 6,844,825 | 694,000 | 403,800 | 1,097,800 | 6.24 |
| 2004 | 29,400,317 | 23,517,339 | 5,882,978 | 723,000 | 373,771 | 1,096,771 | 5.36 |
| 2005 | 29,003,166 | 24,794,780 | 4,208,386 | 1,503,000 | 211,249 | 1,714,249 | 2.45 |
| 2006 | 32,175,926 | 26,468,812 | 5,707,114 | 790,000 | 181,553 | 971,553 | 5.87 |

Water, Sewer, & Solid Waste Bonds

| Fiscal Year | Gross Revenue (1) | Direct Operating Expenses (2) | Net Revenue Available for Debt Service | Debt Service Requirements | | | Coverage |
|--------------------|--------------------------|--------------------------------------|---|----------------------------------|-----------------|--------------|-----------------|
| | | | | Principal | Interest | Total | |
| 1997 | \$ 10,300,526 | \$ 7,205,808 | \$ 3,094,718 | \$ 540,000 | \$ 372,326 | \$ 912,326 | 3.39 |
| 1998 | 11,414,647 | 6,760,173 | 4,654,474 | 555,000 | 462,696 | 1,017,696 | 4.57 |
| 1999 | 13,497,120 | 8,312,334 | 5,184,786 | 695,000 | 581,070 | 1,276,070 | 4.06 |
| 2000 | 14,167,820 | 7,977,534 | 6,190,286 | 970,000 | 554,897 | 1,524,897 | 4.06 |
| 2001 | 14,038,380 | 7,667,746 | 6,370,634 | 980,000 | 518,759 | 1,498,759 | 4.25 |
| 2002 | 14,965,260 | 8,179,065 | 6,786,195 | 1,242,895 | 617,609 | 1,860,504 | 3.65 |
| 2003 | 15,851,090 | 9,302,665 | 6,548,425 | 1,475,000 | 795,006 | 2,270,006 | 2.88 |
| 2004 | 19,470,142 | 9,617,367 | 9,852,775 | 1,500,000 | 693,616 | 2,193,616 | 4.49 |
| 2005 | 19,295,206 | 10,716,757 | 8,578,449 | 1,510,000 | 705,428 | 2,215,428 | 3.87 |
| 2006 | 21,136,806 | 11,230,291 | 9,906,515 | 1,688,000 | 740,748 | 2,428,748 | 4.08 |

Note:

- 1- Includes operating and non-operating revenues
- 2- Includes operating and non-operating expenses excluding depreciation and amortization

City of Logan
Demographic and Economic Statistics
Last Ten Fiscal Years

| Fiscal Year | Population (1) | Personal Income (amounts expressed in Thousands) | Personal Income Per Capita (2) | Median Age | Education Level in Years of Formal Schooling | School Enrollment | Unemployment Rate (3) |
|--------------------|-----------------------|---|---|-------------------|---|------------------------------|----------------------------------|
| 1997 | 40,671 | \$ 453,360 | \$ 11,147 | n/a | n/a | 5,808 | 2.7% |
| 1998 | 42,386 | 475,360 | 11,215 | n/a | n/a | 5,840 | 2.5% |
| 1999 | 42,917 | 755,854 | 17,612 | n/a | n/a | 5,855 | 2.4% |
| 2000 | 42,670 | 770,492 | 18,057 | n/a | n/a | 5,803 | 2.7% |
| 2001 | 42,342 | 794,209 | 18,757 | n/a | n/a | 5,637 | 2.5% |
| 2002 | 44,701 | 874,933 | 19,573 | n/a | n/a | 5,763 | 3.2% |
| 2003 | 44,994 | 890,521 | 19,792 | n/a | n/a | 5,872 | 4.3% |
| 2004 | 45,626 | 918,360 | 20,128 | n/a | n/a | 5,801 | 3.4% |
| 2005 | 45,816 | 976,522 | 21,314 | n/a | n/a | 5,741 | 4.0% |
| 2006 | 47,357 | 1,114,128 | 23,526 | n/a | n/a | 5,738 | 3.0% |

Note:

- 1- Bureau of the Census / Utah Population Estimates Committee
- 2- Utah Division of Workforce Services - Cache County
- 3- Utah Division of Workforce Services - Cache County

**City of Logan
Principal Employers (1)
Current Year and Nine Years Ago**

| | | Fiscal Year 2006 | | | Fiscal Year 1997 | | |
|-------------------------------|---------------------------|------------------------|------|--|------------------------|------|--|
| | | Number of Employees | Rank | Percent of Total City Employment | Number of Employees | Rank | Percent of Total City Employment |
| Company | Product | | | | | | |
| Utah State University | Education | 5,300 | 1 | 9.39% | n/a | 1 | n/a |
| Icon Health and Fitness, Inc. | Exercise equipment | 3,000 | 2 | 5.31% | n/a | 2 | n/a |
| Logan Regional Hospital | Health care | 870 | 3 | 1.54% | n/a | 3 | n/a |
| Logan City School District | Education | 652 | 4 | 1.16% | n/a | | n/a |
| Bourns, Inc. | Electronic components | - | | - | n/a | 4 | n/a |
| Moore Business | Business forms | 650 | 5 | 1.15% | n/a | 5 | n/a |
| Cache Valley Electric | Electric contractors | 600 | 6 | 1.06% | n/a | | n/a |
| Hyclone Laboratory | BioGenetic components | 400 | 7 | 0.71% | n/a | | n/a |
| Gossner Foods, Inc. | Cheese and dairy | - | | - | n/a | 6 | n/a |
| Schreiber's Foods, Inc. | Cheese products | - | | - | n/a | 7 | n/a |
| Sunshine Terrace Foundation | Health care | 380 | 8 | 0.67% | n/a | 8 | n/a |
| Tyco Manufacturing | Electronic circuit boards | 375 | 9 | 0.66% | n/a | 9 | n/a |
| Herff Jones | Yearbook publishers | 340 | 10 | 0.60% | n/a | 10 | n/a |
| Total | | 12,567 | | 22.25% | n/a | | n/a |

Note:

1- Information obtained from the Cache Chamber of Commerce website.

City of Logan
Full-time Equivalent City Government Employees by Function
Last Ten Fiscal Years

| Function | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
|-------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| General government | 64 | 70 | 69 | 69 | 71 | 73 | 76 | 72 | 67 | 67 |
| Public Safety: | | | | | | | | | | |
| Police: | | | | | | | | | | |
| Officers/Staff | 80 | 84 | 83 | 83 | 83 | 88 | 87 | 88 | 89 | 80 |
| Administration | - | - | - | - | - | - | - | - | - | 11 |
| Fire: | | | | | | | | | | |
| Firefighters/officers | 37 | 42 | 41 | 41 | 44 | 44 | 49 | 47 | 47 | 47 |
| Administration | 2 | 2 | 2 | 2 | 3 | 3 | 3 | 3 | 2 | 1 |
| Parks, recreation and culture | 45 | 51 | 54 | 53 | 51 | 56 | 57 | 56 | 57 | 54 |
| Public Works: | | | | | | | | | | |
| Engineering | 13 | 14 | 16 | 16 | 12 | 13 | 12 | 13 | 13 | 12 |
| Streets | 38 | 39 | 38 | 38 | 37 | 34 | 34 | 38 | 37 | 35 |
| Water/Sewer | 24 | 24 | 23 | 23 | 22 | 26 | 25 | 28 | 27 | 31 |
| Environmental Health | 35 | 37 | 38 | 38 | 38 | 43 | 45 | 51 | 46 | 52 |
| Electric | 30 | 33 | 33 | 33 | 36 | 35 | 33 | 31 | 32 | 34 |
| Total | 368 | 396 | 397 | 396 | 397 | 415 | 421 | 427 | 417 | 424 |

**City of Logan
Operating Indicators
Last Ten Fiscal Years**

| Function | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
|--------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Parks, recreation and culture: | | | | | | | | | | |
| Libraries | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Number of volumes | 119,966 | 131,805 | 134,589 | 140,000 | 152,138 | 146,879 | 207,414 | 204,177 | 169,488 | 173,493 |
| Municipal Water Department: | | | | | | | | | | |
| Number of service connections | 14,349 | 13,471 | 15,111 | 16,024 | 15,658 | 15,861 | 15,148 | 16,239 | 16,415 | 16,123 |
| Consumption in gallons | 2,767,601,000 | 5,128,669,000 | 3,254,786,000 | 3,036,496,000 | 3,326,879,000 | 3,260,618,000 | 3,121,570,000 | 3,568,766,000 | 3,074,170,000 | 3,455,723,000 |
| Sewer System: | | | | | | | | | | |
| Number of service connections | 17,597 | 14,940 | 15,017 | 16,026 | 15,658 | 15,867 | 15,547 | 16,561 | 16,702 | 17,134 |
| Miles of sewer lines | 128 | 128 | 129 | 129 | 129 | 129 | 131 | 135 | 135 | 141 |
| Municipal Electric Department: | | | | | | | | | | |
| Number of service connections | 14,577 | 15,034 | 15,165 | 15,492 | 15,652 | 15,885 | 16,191 | 18,669 | 17,400 | 17,527 |
| Kilowatt hours consumed | 321,047,000 | 328,378,456 | 347,264,000 | 364,678,000 | 381,267,000 | 388,401,000 | 395,018,378 | 396,034,000 | 402,499,000 | 419,299,598 |
| Miles of distribution lines | 135 | 144 | 144 | 144 | 170 | 180 | 192 | 198 | 199 | 216 |
| Solid Waste and Disposal Department: | | | | | | | | | | |
| Number of city users | 12,460 | 11,660 | 12,740 | 12,658 | 13,336 | 13,460 | 13,460 | 13,911 | 15,048 | 15,610 |
| Number of county users | 12,557 | 12,937 | 13,779 | 14,449 | 14,654 | 14,883 | 14,883 | 16,111 | 15,309 | 15,754 |
| Cubic yards of garbage received | 224,809 | 236,496 | 234,883 | 263,440 | 234,369 | 163,232 | 171,012 | 170,103 | 177,135 | 188,740 |
| Building permits issued | 513 | 324 | 199 | 209 | 223 | 418 | 221 | 219 | 259 | 295 |

City of Logan
Capital Asset Statistics by Function
Last Ten Fiscal Years

| Function | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
|------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Public Safety: | | | | | | | | | | |
| Police: | | | | | | | | | | |
| Stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Fire: | | | | | | | | | | |
| Fire stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 2 | 2 |
| Highways and Streets: | | | | | | | | | | |
| Streets (miles) | 118 | 118 | 195 | 147 | 156 | 156 | 161 | 181 | 136 | 136 |
| Streetlights | 3,169 | 3,169 | 3,169 | 3,169 | 3,191 | 3,191 | 3,191 | 3,191 | 3,532 | 3,532 |
| Parks, recreation & culture: | | | | | | | | | | |
| Parks | 20 | 20 | 20 | 20 | 21 | 32 | 36 | 36 | 38 | 38 |
| Libraries | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Number of volumes | 119,966 | 131,805 | 134,589 | 140,000 | 152,138 | 146,879 | 207,414 | 204,177 | 169,488 | 173,493 |
| Water: | | | | | | | | | | |
| Water Mains (miles) | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| Sewer: | | | | | | | | | | |
| Sanitary sewers (miles) | 128 | 128 | 129 | 129 | 129 | 129 | 131 | 135 | 135 | 141 |
| Electric: | | | | | | | | | | |
| Miles of service lines | 135 | 144 | 144 | 144 | 170 | 180 | 192 | 198 | 199 | 216 |

Single Audit Section

This page intentionally left blank.

City of Logan
Single Audit Reports
June 30, 2006

City of Logan
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2006

| Federal Grantor/Pass-Through Grantor/ Program Title | Federal CFDA No. | Pass Through Grant No. | Program or Award Amount | Disbursements/ Expenditures |
|--|------------------------|------------------------------|-------------------------------|--------------------------------|
| U.S. Department of Housing and Urban Development (HUD) | | | | |
| Direct: | | | | |
| Trails Grant | 14.246 | B-99-SP-UT-0297 | \$ 225,000 | \$ 37,846 |
| Community Development Block Grant - Entitlement | 14.218 | B-04-MC-49-00011 | 705,000 | 389,788 |
| Community Development Block Grant - Entitlement | 14.218 | B-05-MC-49-00011 | 668,936 | 344,582 |
| Total HUD | | | 1,598,936 | 772,216 |
| U.S. Department of Justice (DOJ) | | | | |
| Direct: | | | | |
| Bulletproof Vest Partnership Grant | 16.607 | Bulletproof Vest Grant | 2,583 | 2,583 |
| COPS in Schools Grant | 16.710 | 2001-SH-WX-0536 | 303,570 | 10,091 |
| Edward Byrne Memorial Grant | 16.579 | 2005-DJ-BX-1316 | 10,058 | 9,660 |
| Passed through the Utah State Commission on Criminal and Juvenile Justice: | | | | |
| Narcotics and Gang Enforcement Grant | 16.579 | 01-DRUG-06 | 57,500 | 53,726 |
| Narcotics and Gang Enforcement Grant | 16.579 | 01-DRUG-05 | 105,580 | 1,714 |
| Passed through the Utah State Dept of Public Safety/ Highway Safety Office: | | | | |
| Cops in Shops Grant | 16.727 | OJJ5-J155 | 10,000 | 2,295 |
| Total DOJ | | | 489,291 | 80,069 |
| U.S. Department of Transportation (DOT) | | | | |
| Direct: | | | | |
| Operating and Capital Assistance Grant/Transit Plan | 20.507 | UT-90-X047-01 | 671,931 | 395,844 |
| Operating and Capital Assistance Grant | 20.507 | UT-90-X044-00 | 1,467,000 | 459,602 |
| Bus Replacement Grant | 20.500 | UT-03-0052-00 | 520,137 | 61,661 |
| Total DOT | | | 2,659,068 | 917,107 |
| National Foundation on the Arts and the Humanities | | | | |
| Passed through the Utah State Library Division: | | | | |
| Project Grant-Summerfest Art Faire | 45.024 | Summerfest 2006 | 1,500 | 1,500 |
| Total Foundation on the Arts and the Humanities | | | 1,500 | 1,500 |
| U.S. Environmental Protection Agency (EPA) | | | | |
| Passed through the Utah State Department of Environmental Quality: | | | | |
| Safe Drinking Water - State Revolving Fund | 66.468 | FS-998784-02 | 400,000 | 208,000 |
| Total EPA | | | 400,000 | 208,000 |
| U.S. Department of Agriculture (USDA) | | | | |
| Direct: | | | | |
| Solid Waste Management Grant | 10.762 | 52-003-87000243-01 | 18,500 | 4,098 |
| Total USDA | | | 18,500 | 4,098 |

City of Logan
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2006

| Federal Grantor/Pass-Through Grantor/ Program Title | Federal CFDA No. | Pass Through Grant No. | Program or Award Amount | Disbursements/ Expenditures |
|--|------------------------|------------------------------|-------------------------------|--------------------------------|
| Federal Emergency Management Agency (FEMA) | | | | |
| Direct: | | | | |
| Assistance to Firefighters Grant | 97.044 | EMW-2005-FG-06876 | 82,278 | 72,362 |
| Passed through the Utah State Division of Emergency Services and Homeland Security: | | | | |
| Safety Grant | 97.042 | EMPG-2006-DHLS-CTY9 | 7,500 | 3,750 |
| Total FEMA | | | 89,778 | 76,112 |
| U.S. Department of Health and Human Services (HHS) | | | | |
| Passed through the Utah State Dept of Workforce Services | | | | |
| Youth Connections Grants | 93.575 | Youth Connections FY06 | 50,000 | 50,000 |
| Passed through the Bear River Association of Governments: | | | | |
| Social Services Block Grant | 93.667 | 349491097 | 1,500 | 1,500 |
| Total HHS | | | 51,500 | 51,500 |
| Total Federal Awards | | | \$ 5,308,573 | \$ 2,110,602 |

CITY OF LOGAN
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1 – Purpose of the Schedule

The Schedule of Expenditures of Federal Awards (the Schedule) is a supplementary schedule to the basic financial statements. The Schedule is required by the U.S. Office of Management and Budget (OMB) Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations."

Note 2 – Significant Accounting Policies

Basis of Accounting

The information in the schedule is presented in accordance with OMB Circular A-133. The Schedule is prepared using the same accounting policies and basis of accounting as the basic financial statements.

CFDA Numbers

OMB Circular A-133 requires the Schedule to show the total expenditures for each of the entity's federal awards as identified in the Catalog of Federal Domestic Assistance (CFDA). The CFDA is a government-wide compendium of individual federal programs. Each program included in the CFDA is assigned a five-digit program identification number (CFDA number).

Major Programs

OMB Circular A-133 establishes the levels of expenditures or expenses and other criteria to be used in defining major federal financial assistance. The federal awards tested as major programs were those with a CFDA number of 20.500 and 20.507.

Note 3 – Sub-recipients

The following amounts were passed through to sub-recipients:

| CFDA # | Amount |
|--------|-----------|
| 14.218 | \$479,866 |



Certified Public Accountants

1011 West 400 North, Suite 100
P.O. Box 747
Logan, UT 84323-0747
Phone: (435) 752-1510 • (877) 752-1510

OFFICERS:

*Paul D. Simkins, CPA
Michael C. Kidman, CPA,
Brent S. Sandberg, CPA
Brett C. Hugie, CPA
Mark E. Low, CPA
H. Paul Gibbons, CPA*

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Mayor and City Council
City of Logan, Utah

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Logan, Utah as of and for the year ended June 30, 2006, which collectively comprise the City of Logan, Utah's basic financial statements and have issued our report thereon dated November 10, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Logan, Utah's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we have noted other matters involving the internal control over financial reporting that we have reported to the management of the City in a separate letter dated November 10, 2006.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Logan's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards. However, we noted certain matters which we reported to management of the City of Logan, Utah in a separate letter dated November 10, 2006.

This report is intended solely for the information and use of the audit committee, management, City Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in blue ink that reads "Jones Simkins, P.C." in a cursive script.

JONES SIMKINS, P.C.
November 10, 2006



Certified Public Accountants

1011 West 400 North, Suite 100
P.O. Box 747
Logan, UT 84323-0747
Phone: (435) 752-1510 • (877) 752-1510

OFFICERS:

*Paul D. Simkins, CPA
Michael C. Kidman, CPA,
Brent S. Sandberg, CPA
Brett C. Hugie, CPA
Mark E. Low, CPA
H. Paul Gibbons, CPA*

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

To the Mayor and City Council
City of Logan, Utah

Compliance

We have audited the compliance of the City of Logan, Utah with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2006. The City of Logan, Utah's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of City of Logan, Utah's management. Our responsibility is to express an opinion on the City of Logan, Utah's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Logan Utah's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Logan Utah's compliance with those requirements.

In our opinion, the City of Logan, Utah complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006.

Internal Control Over Compliance

The management of the City of Logan, Utah is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City of Logan Utah's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, City Council, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in blue ink that reads "Jones Simkins, P.C." in a cursive script.

JONES SIMKINS, P.C.

November 10, 2006

CITY OF LOGAN, UTAH
Schedule of Findings and Questioned Costs
Year Ended June 30, 2006

A. Summary of Audit Results:

| | | |
|----|-----------------------|-------------|
| 1. | Type of Report issued | Unqualified |
|----|-----------------------|-------------|

B. Reportable Conditions in Internal Control

| | |
|--|------|
| | None |
|--|------|

| | | |
|----|------------------------------------|------|
| 3. | Material Non-Compliance discovered | None |
|----|------------------------------------|------|

| | | |
|----|--|------|
| 4. | Reportable Conditions in Internal Control Over Major Programs | None |
|----|--|------|

| | | |
|----|--------------------------|-------------|
| 5. | Compliance Report issued | Unqualified |
|----|--------------------------|-------------|

| | | |
|----|---------------------------------|------|
| 6. | Reportable Findings under A-133 | None |
|----|---------------------------------|------|

| | | |
|----|---|-------------------|
| 7. | Federal programs tested as major programs | 20.500 and 20.507 |
|----|---|-------------------|

| | | |
|----|--|------------|
| 8. | Dollar threshold used to distinguish between Type A and Type B programs | \$ 300,000 |
|----|--|------------|

| | | |
|----|---|-----|
| 9. | Auditee qualification as High or Low Risk | Low |
|----|---|-----|

C. Findings related to the financial statements required to be reported in accordance with Government Auditing Standards.

None

D. Findings and Questioned Costs for Federal Awards

None

CITY OF LOGAN, UTAH
Summary Schedule of Prior Year Audit Findings
(Client Submitted Document)
Year Ended June 30, 2006

Finding 05-01

Federal Award Reporting Requirements for CFDA #14.218 and #15.916

Condition: The City was unaware of a requirement to submit form SF-272 Federal Cash Transaction Report. The City also provided incorrect financial information on a financial report.

Auditor's Recommendation: We recommend that the City improve reporting controls to ensure that all required reports are identified when a federal award is received. Also, controls should be improved to evaluate the completeness and accuracy of required reports.

Current Status: The City has taken the corrective action described above.

Finding 05-02

Preparation of the Schedule of Expenditures of Federal Awards

Condition: Internal controls over the preparation of the schedule of expenditures of federal awards were not fully developed or implemented to ensure that all federal awards are identified and properly reported.

Auditor's Recommendation: The City should properly design and implement procedures to identify all federal awards and to accumulate and summarize expenditures of federal awards, thereby allowing the City to prepare their schedule of expenditures of federal awards in a timely manner.

Current Status: The City has taken the corrective action described above.

CITY OF LOGAN, UTAH
Schedule of Findings and Questioned Costs
Year Ended June 30, 2006

There were no findings or questioned costs for the year ended June 30, 2006.

CITY OF LOGAN, UTAH
Corrective Action Plan
(Client Submitted Document)
Year Ended June 30, 2006

There were no findings for the year ended June 30, 2006.

State Compliance Section



Certified Public Accountants

1011 West 400 North, Suite 100
P.O. Box 747
Logan, UT 84323-0747
Phone: (435) 752-1510 • (877) 752-1510

OFFICERS:

*Paul D. Simkins, CPA
Michael C. Kidman, CPA,
Brent S. Sandberg, CPA
Brett C. Hugie, CPA
Mark E. Low, CPA
H. Paul Gibbons, CPA*

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH STATE LEGAL COMPLIANCE REQUIREMENTS**

To the Mayor and City Council
City of Logan, Utah

We have audited the financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the City of Logan, Utah (the City) for the year ended June 30, 2006, and have issued our report thereon dated November 10, 2006. As part of our audit, we have audited the City's compliance with the requirements governing types of services allowed or not allowed; eligibility; matching; level of effort or earmarking; reporting; and special tests and provisions applicable to each of its major State assistance programs as required by the State of Utah's Legal Compliance Audit Guide for the year ended June 30, 2006. The City received the following major state assistance programs from the state of Utah:

Class C Road Funds (Department of Transportation)
Liquor Law Enforcement Funds (Tax Commission)

The City also received the following nonmajor grants which are not required to be audited for specific compliance requirements: (However, these programs were subject to testwork as part of the audit of the City's financial statements).

Summerfest Grant (Department of Community and Culture)
Gang Suppression Grant (Department of Public Safety)
VIPS Grant (Department of Health)
Justice Court Tech Grant (Office of the Courts)
Library Development Grant (Department of Community and Culture)
Zoo Services Grant (Department of Community and Culture)
Zoo Operations Grant (Department of Community and Culture)
Gates Staying Connected Grant (Department of Community and Culture)
Anti-Tobacco Grant (Department of Health)

Our audit also included testwork on the City's compliance with the following general compliance requirements

identified in the State of Utah Legal Compliance Audit Guide:

- Public Debt
- Cash Management
- Purchasing Requirements
- Budgetary Compliance
- Truth in Taxation and Property Tax Limitations
- Justice Courts
- Special Districts
- Other General Compliance Issues
- Uniform Building Code Standards
- Impact Fees and Other Development Fees
- Asset Forfeiture

The management of the City is responsible for the City's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed immaterial instances of noncompliance with the requirements referred to above, which are described in a separate letter dated November 10, 2006. We considered these instances of noncompliance in forming our opinion on compliance, which is expressed in the following paragraph.

In our opinion, the City complied, in all material respects, with the general compliance requirements identified above and the requirements governing types of services allowed or not allowed; eligibility; matching, level of effort, or earmarking; reporting; and special tests and provisions that are applicable to each of its major state assistance programs for the year ended June 30, 2006.



JONES SIMKINS, P.C.
November 10, 2006